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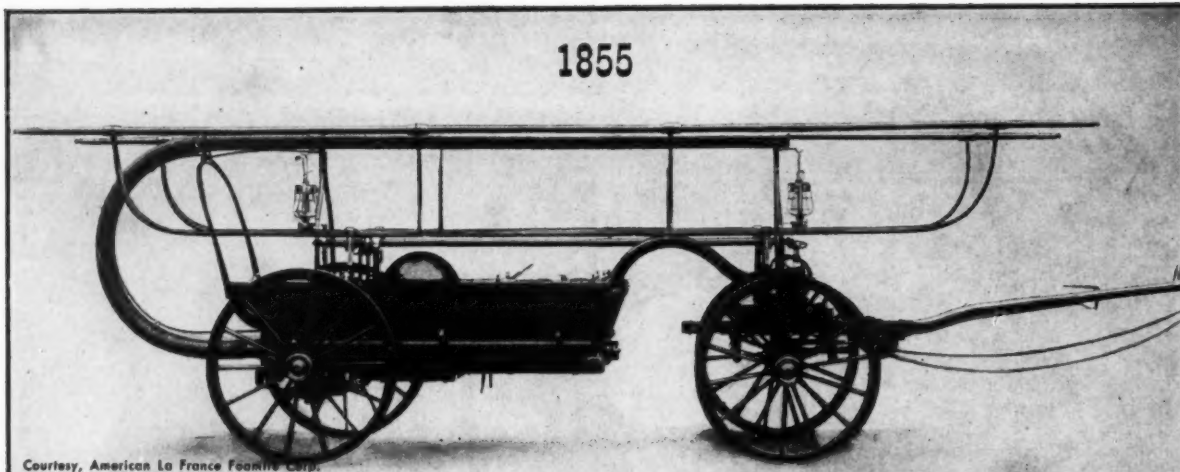
THE EMPLOYERS' FIRE INSURANCE CO.

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**THURSDAY, DECEMBER 13, 1945**



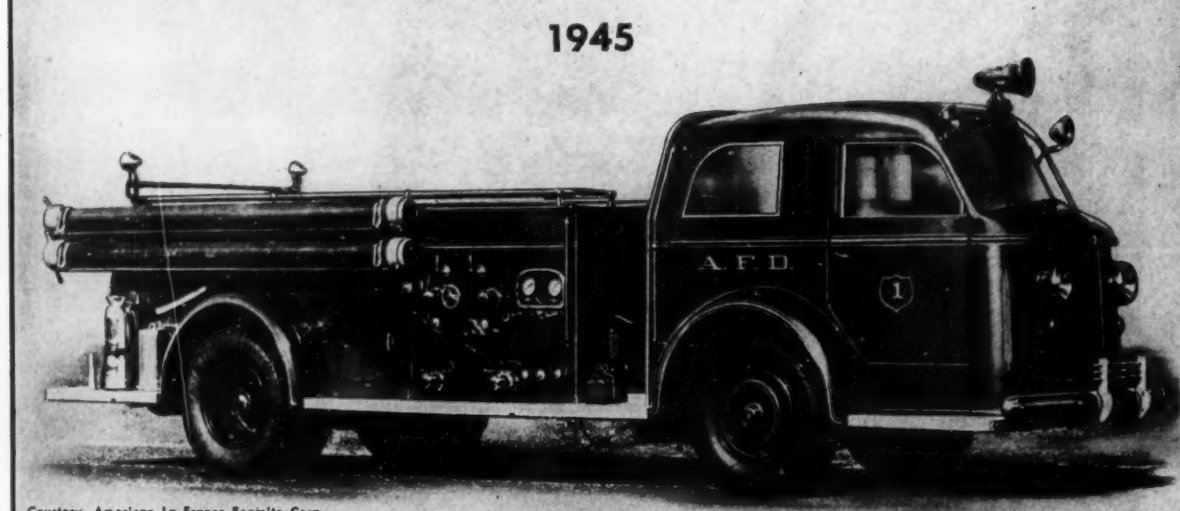
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Southwestern Dept.  
912 Commerce St.  
Dallas 2, Texas

Pacific Department  
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Firemen's Insurance Company of Newark, N. J. <small>Organized 1855</small>	Milwaukee Mechanics' Insurance Company <small>Organized 1852</small>
The Girard Fire & Marine Insurance Company <small>Organized 1833</small>	Royal Plate Glass & General Ins. Co. of Canada <small>Organized 1906</small>
National-Ben Franklin Fire Insurance Company <small>Organized 1866</small>	The Metropolitan Casualty Insurance Co. of N.Y. <small>Organized 1874</small>
The Concordia Fire Insurance Co. of Milwaukee <small>Organized 1870</small>	Commercial Casualty Insurance Company <small>Organized 1909</small>

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BUY MORE BONDS - AND KEEP THEM

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## N.A.I.A.'s 50th Anniversary Meet Goes to Denver

**Expect Record Attendance  
Sept. 22-26—Association  
Idea Conceived There**

Denver, the city where the National Association of Insurance Agents was conceived, has been selected as the site for its 50th anniversary meeting, Sept. 22-26. All major hotels will be used, with headquarters at the Brown Palace Hotel, President Hunter Brown announced.

Charles W. Schoelzel, Jr., Denver, general chairman, expects an attendance of over 2,500, the largest in association history. Frank England, Jr., Denver, president Colorado Association of Insurance Agents, stated that his city and state are honored to be the hosts of the National association on the memorable occasion.

The first meeting of the National association was called by Robert S. Brannen of Brannen & Kellogg, Denver, who is credited with originating the idea. Records reveal that Mr. Brannen issued a circular on Sept. 2, 1896, making an appeal for a meeting in Chicago the latter part of that month. In that appeal he proposed that, "all honorably disposed agents can confer for the protection of local agents' interests and for the encouragement of correct practices and honest underwriting." At that time the agents were confronted with a relentless wave of overhead underwriting which threatened their very existence.

On Sept. 30, 1896, a small group of agents from various states, now referred to as the "Twenty Immortals," gathered at the Great Northern Hotel in Chicago. At that meeting a constitution was adopted embodying the objective of the association: "To support right principles and use our influence to correct bad practices in fire underwriting."

Plans for the mid-year meeting in Cincinnati, May 12-15, are now being formulated and it is anticipated that this gathering will attract a record attendance.

George D. R. Fairleigh, treasurer and assistant secretary of the National Association of Insurance Agents was in Cincinnati this week to make preliminary arrangements for the N.A.I.A. annual meeting there next in May. He also conferred in Columbus with Theodore M. Gray, secretary of the Ohio association.

### Continue Ohio Injunction

COLUMBUS, O.—Reserving its decision on a motion to dismiss the suit, the federal court here issued an interlocutory order continuing the temporary injunction restraining Superintendent Dressel from revoking the licenses of Aetna Fire and its subsidiaries because of failure to pay the 2½% state premium tax. Following arguments on the motion to dismiss, the court offered to hear the case on its merits. The state announced that it was not prepared to proceed. It has been given 10 days to file its answer. The court announced that it may be necessary to appoint a master to hear the case, as the court itself, because of a heavy docket and a "shortage" of judges, would not be able to reach the case until February.

## Ark. Agents Hold Mid-Year Parley

**Ask U. S. Attorney General  
to Probe Insurance Com-  
pany Finance Link**

LITTLE ROCK—More than 140 attended the mid-year meeting of the Arkansas Association of Insurance Agents here on Monday and heard Frederick W. Doremus, vice-president of American, outline developments in the bank and agent auto plan to date and to urge Arkansas agents and banks to make use of the present opportunity to co-operate.



**J. G. McKenzie**

Paul Milam, dean college of business administration, University of Arkansas, Fayetteville, speaking before the group on "The Future of Business in Arkansas" predicted 1946 and 1947 as good profit years and cited as reasons for continued high purchasing power government support of cotton prices, relatively high livestock and rice prices which next to cotton are principal sources of Arkansas farm income, a steady high level of demand and activity in lumber, furniture and paper manufacturing in Arkansas, and the accumulation of war time savings and high bank deposits.

"There is less chance of a severe price collapse during the 15 years following this war," said Dean Milam. "Debts are much lower. The farm mortgage debt is much sounder now." He predicted a high level of construction in the housing industry for the next 10 years, and said that a serious depression is unlikely to occur before housing needs are satisfied. He illustrated his talk with a number of charts and graphs showing purchasing power trends and per capita income.

Commissioner Jack G. McKenzie addressed the agents briefly at the luncheon session urging all Arkansas insurance organizations to review their constitution and by-laws to get ready for Jan. 1, 1948. He stated that Arkansas will have to readjust its insurance laws before that date.

### Agency System Under Scrutiny

On the subject of the appointment of agents, the commissioner said that companies often look to quantity rather than quality and that the agency system itself is under scrutiny. He predicted that out of the present readjustment pressures will come a better insurance business in the future.

The mid-year meeting opened with Van Howell, state national director, Fayetteville, reporting on developments of the National Association of Insurance Agents.

The afternoon session was devoted to the showing of the motion picture "The Bank and Agents Auto Plan in Action" which was followed by an open forum discussion on "Putting the Bank and Agent Plan in Action in Arkansas" led by former association manager, Lantie R. Martin, Pocahontas, chairman of the association's financed accounts committee.

The association adopted a resolution requesting the U. S. Attorney-General to investigate the interlocking interests and ownership of insurance companies by large finance companies and particularly into practices to require insurance cov-

(CONTINUED ON PAGE 34)

## Wipe Out 10% Rate Cut for Properties Leased by RFC

The wartime 10% rate discount and commission reduction to 5% on insurance on Defense Plant Corp. properties has been wiped out, so far as concerns DPC plants leased for commercial purposes.

It is understood F.I.A. representatives and R.F.C.-D.P.C. officials were in agreement on this program. While the government did not pay full commissions on DPC coverage, officials see no reason why lessees of government plants, in peacetime, should enjoy the advantage of lower rates than other industries pay.

In a message to agents and brokers of record on RFC account F.I.A. President C. W. Pierce states:

As the result of a change in policy of the RFC this association is adopting the following practices:

1. In any case where title to presently insured property remains in the RFC and the plant will continue to be operated for government purposes present terms and conditions will prevail during the continuation of the emergency and until further notice.

2. As the properties are leased by the RFC to private interests for the manufacture, distribution or storage of consumer goods and the responsibility for maintaining insurance becomes that of the lessee, the FIA will convert its contracts upon renewal or rewriting to tariff premiums, and normal rates of commissions will be paid.

3. In any case where the title to such property passes from the RFC to any other interest and the F.I.A. continues as the insurance carrier, all terms and conditions of the insurance will forthwith be converted to tariff premiums and standard form of cover.

## Name Oxford Vice-President of Boston and Old Colony

Gilbert B. Oxford has been elected vice-president of Boston and Old Colony. He is an expert in marine insurance, having spent the first eight years of his insurance career with the head office of Thames & Mersey Marine in Liverpool. In 1923, he joined Louis Rosenthal Co., San Francisco, in charge of losses, and served as alternate member of the adjustment committee of the San Francisco Board of Underwriters.

In 1930 Mr. Oxford joined Marine Office of America in New York. First employed as hull underwriter, he was made assistant manager last March. During the time he has been connected with Marine Office, he has been closely identified with protection and indemnity and legal liability underwriting.

He is vice-chairman of Great Lakes Underwriting Syndicate and vice chairman of Tugboat Underwriting Syndicate. He has been a member of various committees of the American Marine Hull Insurance Syndicate, Builders Risk Syndicate, Great Lakes Underwriting Syndicate, Tugboat Underwriting Syndicate and American Institute of Marine Underwriters.

### Allyn Is on the Circuit

Commissioner Allyn of Connecticut spoke at a meeting of the Bridgeport Insurance Board Tuesday.

Thursday night he is to speak before the Greenwich insurance board on "Insurance Under New Federal Regulations." Friday he is to report on the activities of the life committee of the N.A.I.C., of which he is committee chairman, at a luncheon at the Waldorf in New York City.

## Commissioners Take Action on Rate Legislation

**Proffer Committee Bills  
as Guide to Kindred  
Spirited States**

The National Association of Insurance Commissioners at its closing session at Grand Rapids, approved a lengthy report of the committee on rates and rating organizations and thereby gave a measure of support to the fire and casualty rating bills that had been drafted by a sub-committee of three commissioners and that were sprung out at the Grand Rapids meeting in surprise fashion.

However, the N.A.I.C. action by no means constitutes an unqualified endorsement of these bills as is, nor does it foreclose further discussion of rating legislation. The final sentence in the committee's report was:

"For those states which subscribe to the principles set forth in these bills, the committee recommends the use of the bills as legislative guides."

### Neel Makes Request

Neel of Pennsylvania and one or two other commissioners took the floor during the discussion to insist that nothing be done at Grand Rapids that would cause any embarrassment to an individual commissioner that subscribes to the principle of filing subject to subsequent disapproval in rating legislation rather than to the principle of prior approval which is embodied in the Dineen-Harrington-Johnson bills.

Although the consensus seems to be that adoption of the committee report falls far short of constituting an outright endorsement of these measures, the impression has gotten around among some that so far as the insurance commissioners are concerned, the matter is now cut and dried and some members of the all industry committee are wondering what purpose can be served by their meeting which gets under way in Chicago Thursday of this week.

The commissioners committee, in its report, referred to the 4½-hour battle at Grand Rapids on the part of industry spokesmen against numerous provisions in the Harrington-Dineen-Johnson bills.

### Classify the Objections

The industry objections are classified in the report as between those of a minor or editorial character and those of a substantive nature. The drafting sub-committee was authorized to make the minor and editorial changes and send the completed bills to the individual commissioners. The committee voted to adhere to the decision of the drafting sub-committee as to the specifications which were assailed by the company men.

The committee goes on to say that industry groups are still attempting to compose some of their differences on the rating bills. Under ordinary circumstances the commissioners committee stated it might have been disposed still further to delay the submission of proposed rating bills to N.A.I.C. in the hope that an agreement might be reached. However, since there are legis-

(CONTINUED ON LAST PAGE)

## Discriminatory Tax Doomed, Peebles Predicts

### Believes U. S. Supreme Court Will Hold Laws Unconstitutional

J. M. Peebles, general counsel of National Life & Accident, in addressing the legal section at the annual meeting of the Industrial Insurers Conference at Nashville, made the unqualified prediction that the U. S. Supreme Court will find unconstitutional all taxing statutes that discriminate, whether in form or in substance and effect. He endorsed the language of the Oklahoma supreme court that such statutes are "just calculatingly discriminatory, purposely discriminatory and enacted for the very purpose of discriminating against foreign insurance companies."

An entire afternoon was devoted to the legal section gathering over which Harry N. Lukins, vice-president and general counsel of Washington National, presided.

Mr. Peebles gave a thorough discussion of the decision of the South Carolina supreme court holding constitutional the premium tax statute of that state, the decision of the circuit court of Ingham county, giving a favorable decision for the Michigan law and the Kansas supreme court decision also supporting the discriminatory statute. Mr. Peebles expressed the belief that the dissenting opinion of Justice Hoch in the Kansas case correctly sets forth the law in all respects.

He found especial merit in Judge Hoch's answer to the statement of the majority that the tax is not discriminatory because the foreign companies have done an expanding and profitable business over a period of many years. "The quality of treatment," Judge Hoch declared, "is the test and not whether a competitor can manage to do business and even prosper in spite of inequality."

Also Mr. Peebles likes the way in which Judge Hoch disposed of the conclusion that the tax could be passed on to the policyholders. On that theory, Judge Hoch observed, any discrimination against an interstate competitor would cease to be discrimination if it could be shown that he had succeeded in making his customers bear the burden.

#### Sustains Contention

Judge Hoch's dissent thoroughly sustains the contention of the insurers as to the unconstitutionality of the Kansas statute as well as the tax statutes of other states which favor the domestic companies, Mr. Peebles declared.

Mr. Peebles voiced the opinion that public act 15 does not authorize a state to discriminate in favor of a domestic company. All that public act 15 provides in the realm of taxation is that in the absence of the federal government having entered the field, the state may enact tax laws that are not discriminatory and do not favor the home state companies over the foreign companies.

Mr. Peebles also reviewed the decision of the Marion county superior court ruling unconstitutional the Indiana discriminatory statute. He reviewed the recent decision of the district court of Oklahoma county knocking out the provision in the law providing for a reduction in the rate of tax because of investment of assets in Oklahoma. He also covered the U. S. Supreme Court decision in the Lincoln National Oklahoma case and he touched on other cases, not involving taxation, that have been bred by the S.E.U.A. decision including: First National Benefit Society of Arizona vs. Garrison; Mendola vs. Dineen; People vs. Robertson; Ware vs. Travelers; Keehn vs. Labach, et al; and Keehn vs. Hi-Grade Coal & Fuel Co.

(CONTINUED ON PAGE 28)

## Millers National Awards 25-Year Plaque to Agents



Millers National is presenting a plaque to agents who have represented the company for 25 years and over.

The presentations are a part of the company's 80th anniversary year program. In the home office, field presentations were arranged by R. S. Danforth, assistant secretary. In the eastern field, Thomas W. Anderson, president of E. K. Schultz & Co., which will observe its 50th anniversary in 1946, called on many of the agents and made the presentations personally. In the Pacific Coast department, H. M. Dinsmore, manager, made many of the presentations.

Similar plaques are prepared and are being distributed to Illinois Fire agents. This company will observe its 70th anniversary next year.

## North America Forms Own Air Unit; Sanford Manager

North America has resigned from the U. S. Aviation Insurance Group and is creating an aviation department of its own in charge of Lt. Col. Charles A. Sanford.

Col. Sanford, who has just been released after nearly three years of service in the army air forces, has been associated with aviation insurance since the early days of commercial flying. After a short teaching career following his graduation from Wesleyan University, he joined the marine and inland marine departments of Marsh & McLennan, in 1925. Two years later, he went to Aetna Fire to direct its inland marine-all risks division.

In 1929, Col. Sanford joined the underwriting department of Aero Insurance Underwriters. When he left there in 1942 to go into military service, he was eastern branch manager.

In the air corps, Col. Sanford went first to Africa as security and intelligence officer to the army airways communications system. Later, he was made group security officer at Algiers and for the last year prior to his return to this country, he was executive officer and deputy commander of the 2nd AACS wing, which covered operations in Africa, the Middle East and the Mediterranean.

#### Philippines Bill Advances

WASHINGTON—The Tydings Philippine rehabilitation bill has passed the Senate. It authorizes \$330 million for war damage settlement in the Philippines and provides for a commission of three to pass upon claims. No important changes were made on the Senate floor in the bill as it came from the committee on insular affairs.

## Middleton, Sun Secretary, Is Now Retiring

Elliott Middleton, secretary of Sun and a veteran of 46 years in the fire insurance business, is retiring from active service Dec. 31. He is approaching his 70th birthday.

He was born at Cincinnati and in 1899 went with the western department of Aetna Fire which was then located at Cincinnati in the Lachman building on Vine street.

In 1908 Aetna Fire moved the western department to Chicago and that was the beginning of Mr. Middleton's Odyssey which took him to Tennessee, Michigan, back to Chicago as assistant manager of Western Actuarial Bureau, thence to San Francisco and finally to New York City. During those years he was managing rating and inspection bureaus and perhaps has managed more such organizations than any other man in this country.

Mr. Middleton has served as secretary of the fire companies of the Sun organization nearly 25 years. During his years in the east he has served on the executive committees of the Eastern Underwriters Association and South-eastern Underwriters Association and on various committees of the National Board.

Mr. Middleton in the early days of U. & O. insurance made a close study of that line and became one of the best posted U. & O. men of his day.

Mr. Middleton was manager of the Tennessee Inspection Bureau, manager of the Michigan Bureau, assistant manager Western Actuarial Bureau, manager Pacific Actuarial Bureau, manager Underwriters Bureau of the middle and southern states, manager Fire Underwriters Electrical Bureau and secretary Central Traction & Lighting Bureau.

## Chicago Agents Elect Lederer Chairman

Emil L. Lederer of Stewart, Keator, Kessberger & Lederer was made chairman of the Chicago Association of Insurance Agents at its annual election this week.

He succeeds L. P. Warren, Associated Agencies. Other officers elected were William J. Laadt, Cramsie, Laadt, vice-chairman; Lyman M. Drake, Jr., Critchell, Miller, secretary, and Richard T. Magner, Meeker, Magner, treasurer.

New directors are: Wade Fetzer, Jr., president of W. A. Alexander & Co., Rodger Bronson, Bronson-Dennehy-Ulseth; Alex Teben, O. P. Alford Co., and William R. Reynolds, Chidley & Reynolds.

The report of the committee to look into the future of the Chicago Board should the companies decide to pull out was reported on by Walter Sheldon, vice-president of W. A. Alexander & Co.

## Harrison Resigns Marsh & McLennan Minneapolis Post

John M. Harrison has retired as executive head of Marsh & McLennan's Minneapolis office, but will continue as a vice-president in that city. He has been associated with the firm for almost 25 years and was placed in charge of the Minneapolis office in 1936.

Clare I. Long has been appointed as the new executive head. Mr. Long graduated from the University of Minnesota in 1918, joining Marsh & McLennan in 1934 as a vice-president.

## Western Hail Premiums Nearly \$23 Million

### Association Officers Reelected at Annual Meeting in Chicago

Premiums this year for hail insurance on growing crops in the territory of Western Hail & Adjustment Association, including Montana, Wyoming and Texas, amounted to \$22,895,902. The losses were \$13,225,448 and the loss ratio 57.56.

These figures were contained in the message of F. H. Cornell, president, at the annual meeting of Western Hail & Adjustment Association at Chicago.



F. H. Cornell



W. E. Newcomb

He remarked that the loss experience was severe in a number of states including Kansas where the loss ratio is estimated at 105; Missouri 82, Montana 68, Nebraska 75, Oklahoma 103 and Wisconsin 72.

The association approved the advisory committee's amendment of the general form application. The objective now is to bring about uniformity as to basic conditions in all hail forms.

Rating committee recommendations will be made later. It was stated that the only states in which there will be general rate revisions are Iowa, Kansas and Nebraska.

A new tobacco application was approved.

Preferred Fire and Pioneer Equitable were admitted to membership.

It was voted to continue the experiment at Iowa State College on simulated hail damage to soybeans.

The officers were reelected. Besides Mr. Cornell they are: Vice-president, E. G. Frazier, Springfield F. & M.; secretary, G. G. Classen, Great American; assistant secretary, W. E. Newcomb, Western Underwriters Association.

New members of the executive committee are: S. H. Quackenbush, Crum & Forster, and C. H. Smith, Hartford Fire. Reelected were E. A. Henne, America Fore and Bradford Smith, North America.

## Two Appointments Made by Factory Association

Factory Insurance Association has appointed W. P. Fotheringham as chief underwriter at San Francisco. He started in the insurance business in 1908 with Western of Toronto at San Francisco. He then became associated with L. & L. & G., then with Aetna Fire. He served 10 years as special agent and assistant manager in Washington, California and Arizona. In 1941, he joined F.I.A. as supervisor handling all Defense Plant Corp. liability for the Pacific office, the underwriting of nationwide accounts and provisional adjustments.

The Christmas party of the Indiana Blue Goose will be held Saturday evening in Indianapolis. A. H. Wishard, Northern of England, is chairman of the committee on arrangements.

## Average Loss Sharp

### Fire Losses of N.Y. in Chicago

Although suspicious of the amount of loss in 1944, Mutual Fire, Chicago, reported that under conditions though other than arson, the Bureau in 1944 on solved, 31 the larceny No arson

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## Average Arson Loss Shows Sharp Increase

### Fire Marshals Section of N.F.P.A. Gathers in Chicago

Although the number of incendiary or suspicious fires has not risen under current economic conditions, the average amount of damage done by such fires has increased from \$962 in 1938 to \$2,850 in 1944, Dr. Richard C. Steinmetz, Mill Mutual Fire Prevention Bureau, Chicago, reported at the meeting of the National Fire Protection Association's fire marshals section in Chicago. As long as the prices continue high and the demand for goods exceeds the supply there is no immediate prospect of an increase in arson, he said. However, he warned that under less favorable economic conditions there will be an increase. Although other crimes are easier to solve than arson, figures compiled by the Federal Bureau of Investigation show that in 1944 only 38.7% of the robberies were solved, 31.6% of the burglaries, 23% of the larcenies and 24% of the auto thefts. No arson figures were compiled.

Federal Bureau of Investigation figures show that in the first six months there were 330 arson arrests compared to 287 in the same period in 1944, Dr. Steinmetz reported. He suggested that methods used in New York and Pennsylvania be studied as 40% of the arson arrests made in 1943 were in those two states.

The most difficult thing about apprehending arsonists is that it is difficult to establish that the crime has been committed, Horace McMullen, chief special agent National Board, Chicago, pointed out. Mr. McMullen feels that more time should be spent in analyzing statistics because it is difficult to interpret them. For example, 50% of the present incendiary fires are caused by juveniles, 25% by pyromaniacs and 25% are fraud fires.

### Good Ontario Record

Fire Marshal Scott of Ontario reported 40 convictions out of 50 arrests in his province which is a much higher ratio than the United States figures. Because of the difficulty in proving that there is arson, arrests are made in only about one-half the suspicious cases. He emphasized the importance of the state and provincial fire marshals' offices in handling arson cases because of their infrequency in smaller cities. In the average municipality in Ontario, for example, there is only one arson case in six years so that the local police can't become specialists in this line. It is important to promote close cooperation with local units, he said.

Leonard C. Lund of Minnesota, section chairman who presided, emphasized the necessity of getting cooperation so that the local fire departments will conserve evidence. The firemen's training committee of the N.F.P.A. is developing rules on arson inspection, John H. Craig of Illinois reported. Although investigations should be left to the specialists, the local firemen should know the principles of investigation such as preserving evidence and inquiring from neighbors while the fire is still in progress regarding suspicious people.

### Publicity Stimulates Pyromaniacs

Mr. Scott was critical of the publicity given arson fires in newspapers because it is suggestive to pyromaniacs. Follow-

## N. A. I. A. Standing Committees Named

The full roster of chairmen for the standing committees of the National Association of Insurance Agents for 1946 has been announced by President Hunter Brown, showing 10 new appointments and nine reappointments.

The new appointees are: Agents qualification, Herman C. Wolff, Indianapolis;



J. R. Donham



F. S. Wilkinson

aviation, John S. Rowland, Racine, Wis.; branch office, Gustave R. Michelson, New York; constitutional revision, Norman A. Chrisman, Pikeville, Ky.; inland marine, J. R. Donham, Little Rock; metropolitan agents, Walter M. Sheldon, Chicago; membership, John Bowers, Enid, Okla.; public relations advisory, Harold W. McGee, Los Angeles; rural agents, Frank S. Wilkinson, Rocky Mount, N. C.; legislative advisory, Sidney O. Smith, Gainesville, Ga.

Reappointments are: Accident prevention, Harry C. Brown, Mason City, Ia.;



J. S. Rowland



N. A. Chrisman

casualty, Roy A. Duffus, Rochester; credentials, Frank R. Bell, Charleston, W. Va.; educational, L. P. McCord, Jacksonville; fidelity and surety, H. F. Warner, Kansas City; finance, O. Shaw Johnson, Clarksdale, Miss.; financed accounts, H. H. Hendren, Sacramento; fire prevention, Harold N. Mann, Tacoma; fire and allied lines, L. C. Hilgemann, Milwaukee.

Final selections were determined at the recent New York meeting of the executive committee.

## U. S. Farm Fire Loss \$85 Million; 5% Decrease

The U. S. farm fire loss decreased 5% in 1945, despite the increase in urban losses, and totaled \$85 million, according to estimates adopted at the meeting of the National Fire Prevention Association's farm fire protection committee in Chicago, Dr. V. N. Valgren, U. S. Department of Agriculture, reported that the 1944 estimate of \$90 million had been a little high. He secured the data on which the 1945 estimate is based by direct reports from farm mutuals which reported an average decrease of 3% losses while the stock companies estimated farm fire losses had declined as much as 5% but not any more than that figure. The committee's stand on the distribution Office of Civilian Defense fire fighting equipment to farm areas was reiterated. Henry G. Giese, Ames College, presided.

## How Industry Would Sort Insurance Lines

The industry committee of 18 dealing with the matter of classification of insurance by kinds of business, at the Grand Rapids meeting of the National Association of Insurance Commissioners, submitted a proposed three-way sort, assigning 36 lines to the fire classification; 35 to marine and 19 to casualty, as follows:

### FIRE CLASSIFICATION

Insurance of any and all property (except hulls and cargoes when waterborne) against the following perils or liability for loss or damage from such perils:

1. Fire.
2. Lightning.
3. Smoke.
4. Snudge.
5. Windstorm.
6. Tornado.
7. Cyclone.
8. Earthquake.
9. Collapse.
10. Volcanic eruption.
11. Rain.
12. Hail.
13. Frost.
14. Freeze.
15. Weather or climatic conditions.
16. Excess or deficiency of moisture.
17. Flood.
18. Rising of waters.
19. Insects, blights, diseases of property other than animals.
20. Bombardment.
21. Invasion.
22. Insurrection.
23. Riot.
24. Civil war or commotion.
25. Military or usurped power.
26. Order to prevent spread of contagion, epidemic or catastrophe.
27. Vandalism.
28. Malicious mischief.
29. Strike.
30. Lock-out.
31. Electrical disturbance.
32. Explosion of any kind originating outside of the insured building or outside of the building containing the property insured.
33. Explosion of any kind originating inside of the insured building or inside of the building containing the property insured except explosion within steam boilers, steam pipes, steam turbines, steam engines, flywheels located in such buildings.
34. Water damage—meaning sprinkler leakage, casual water, seepage.
35. Collision—except elevators, vessels, craft, piers or other instrumentalities of ocean or inland navigation.
36. Motor vehicle and aircraft insurance—including property damage liability of assured but not personal injury liability.

### MARINE CLASSIFICATION

Insurance of the following against any one or all perils except where otherwise specifically stated:

1. Cargo, hulls, aircraft (including builder's risks and liability) and protection and indemnity.
2. Imports.
3. Exports.
4. Motor vehicle including property damage liability but not personal injury liability.
5. Domestic shipments (including registered mail and express).
6. Bridges, tunnels and other instrumentalities of transportation and communication (excluding buildings, their furniture and furnishings, fixed contents and supplies held in storage) unless fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and/or civil commotion are the only hazards to be covered; Piers, wharves, docks and slips, excluding the risks of fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and/or civil commotion; Other aids to navigation and transportation, including dry docks and marine railways, against all risks.
7. Personal effects of individuals under floater form, excluding stock for sale.
8. Furs of individuals excluding stock for sale.
9. Jewelry, precious stones and precious metals.
10. Fine arts.
11. Musical instruments, excluding stock for sale.
12. Radium.
13. Physicians' and surgeons' instruments excluding stock for sale.
14. Patterns, excluding coverage on owner's premises.
15. Theatrical properties which travel about with theatrical troupes.
16. Neon signs, street clocks, coin collections and stamp collections.
17. Films including builder's risk but excluding raw stock for sale.
18. Salesmen's samples, excluding assured's premises.
19. Wedding presents, but not for more than 90 days after wedding.

(CONTINUED ON PAGE 39)

## Changes Made in Eastern Setup of Nat'l Underwriter

### Mrs. Paul Retires; Richman and Force to N. Y.; Scanlon to Boston

Mrs. Nora V. Paul, for the past 25 years vice-president of THE NATIONAL UNDER-



Nora V. Paul

WRITER at New York, has been retired on a pension and gone to Fort Lauderdale, Fla., where she will reside until next spring. She has been succeeded at New York by Ralph E. Richman, who has been vice-president at Boston, in charge of New England.

Mr. Richman in turn will be succeeded by William A. Scanlon, who has been in charge of the business affairs of THE NATIONAL UNDERWRITER in several middle western states.

Kenneth O. Force, who has been associate editor at Chicago, has been transferred to New York where he, together with Robert B. Mitchell, eastern news editor, will carry on the enlarged editorial activities of THE NATIONAL UNDERWRITER



R. E. Richman



W. A. Scanlon

in the east. These changes will have the effect of strengthening and improving both the editorial and business services of THE NATIONAL UNDERWRITER in the eastern states.

Mrs. Paul has been with THE NATIONAL UNDERWRITER since 1914. She began as a stenographer in the hand book department, quickly rose to the management of it, and exhibited such pronounced sales



Kenneth O. Force



R. B. Mitchell

ability that she was transferred to New York in charge of THE NATIONAL UNDERWRITER's eastern sales work. At first she had charge not only of New York City, but New England and the middle Atlantic states as well. Through her extensive travels and contacts, she became well known to insurance men throughout the country, and was recognized as an outstanding business producer. In recent years her activities have been confined to New

(CONTINUED ON PAGE 39)

THE  
PHOENIX-CONNECTICUT  
GROUP  
of  
Fire Insurance Companies



**The Phoenix**  
Insurance Company, Hartford, Conn.  
1854

*The*  
**Connecticut**  
Fire Insurance Company, Hartford, Conn.  
1860

**FOUTABLE**  
Fire & Marine Insurance Company  
Providence, R.I.  
1859

ATLANTIC FIRE INSURANCE CO.  
Raleigh, North Carolina

THE CENTRAL STATES FIRE INS. CO.  
Wichita, Kansas

GREAT EASTERN FIRE INSURANCE CO.  
White Plains, N. Y.

MINNEAPOLIS F. & M. INSURANCE CO.  
Minneapolis, Minn.

RELIANCE INS. CO. OF CANADA  
Montreal, Canada



HARTFORD  
30 Trinity Street

CHICAGO  
Insurance Exchange

NEW YORK  
110 William Street

SAN FRANCISCO  
220 Montgomery Street

MONTREAL  
485 McGill Street



All Forms of Fire and  
Property Insurance including  
Ocean and Inland Marine  
Country-wide Brokerage Service

TIME TRIED & FIRE TESTED

## Predict Crime Wave Will Soon Be Reflected in Arson

MIAMI BEACH, FLA.—With high prices of commodities still maintained and no appreciable lowering of the level of employment, the profit incentive for incendiary fires has not greatly increased, it was pointed out in the arson committee's report to the International Association of Chiefs of Police at the annual meeting here. Howard M. Travis, Rochester, N. Y., National Board special agent, is chairman of the committee, and Dr. Richard C. Steinmetz, chief investigator Mill Mutual Fire Prevention Bureau, Chicago, is a member. However, the general increase in crime will, undoubtedly, be reflected in increased arson cases sooner or later, the report predicted. Of the 583 persons arrested for arson in 1943, 182 of them were under 21 and 240 under 25, according to Federal Bureau of Investigation data. Of those arrested 37.4% had previously been convicted of other crime.

When commodity prices revert to pre-war level the profit motive for arson may again occupy a position of primary importance. The government is doing its best to ease its tremendous surplus of supplies back into the civilian market in a manner which will not cause too great a fluctuation or decrease in prices. It seems reasonable to assume, however, that a point will be reached when civilian production will meet this easing off of government surplus and result in a general decrease in price commodities and a more or less top-heavy supply. "It is this point which we must anticipate and prepare against," the report observed. Many unscrupulous dealers or manufacturers will have large inventories of materials produced at the high level of cost and low level of quality which existed during the war. They will not hesitate to attempt the replacement of these expensive and out-moded stocks at the cost of the insurer.

Another class of individual which may contain potential arsonists will be persons who have built up substantial cash reserves out of their wartime earnings, but these reserves will be reduced substantially in order to maintain their standard of living. When these reserves are depleted, it may safely be assumed that they will attempt various means of replacement, not all of which will be lawful. This type of individual may attempt the burning of his property or his household goods, and that if he or she successfully accomplishes this burning, such news will quickly spread and induce more burnings, not only by individuals, but by organized rings of arsonists. In addition many persons finding it difficult, if not impossible, to obtain suitable employment, may in desperation resort to arson.

There has been a very definite increase in the number of fires set by juveniles. A major contribution to this factor is, undoubtedly, the general turmoil and neurotic condition of the world. Courts should have available psychological and psychiatric reports on such offenders. The problem of false alarms sounded by juveniles is closely connected with arson as in many instances youngsters who start out by turning in false alarms invariably graduate to the setting of fires.

Fire losses caused by pyromaniacs are far greater than is generally recognized. With the increased knowledge of the rudiments of the chemistry of fire in civilian defense programs, the usual psychopathic fringe may be expected to provide some interesting and novel forms of incendiarism.

There are 39 states which have enacted the model arson law and the statutes of all but three or four others are substantially equivalent. In some states the statute of limitations on arson cases is too short. For example, in New Jersey, Florida, Delaware, and Kansas the stat-

## Heads Morris Plan Insurer

Arthur E. Petersen, who is to become president of North Continent Fire, for the past several years has been comptroller of Continental Casualty.

Until he went with Continental Casualty, Mr. Petersen had been closely associated with Dudley Cates. He went with Marsh & McLennan at Chicago when Mr. Cates was vice-president of M. & M. and for some time operated Export and Export Indemnity which were then under the wing of Marsh & McLennan. Later when Mr. Cates became an officer of Commercial Investment Trust, Mr. Petersen became president of Service Fire, which is a C.I.T. subsidiary.

Much of Mr. Petersen's experience has been in the field of insurance that is closely related to automobile finance activities. North Continent Fire is to be a Morris Plan Bank enterprise and will handle the insurance phases of the business of American Installment Credit Corp.

North Continent Fire is projected as a handmaiden of American Installment Credit Corp., which is a Morris plan subsidiary.

American Installment Credit, it is proposed, shall manage for a fee the automobile financing of banks throughout the country that desire to have such service performed for them. This will be the dealer type of financing and it is presumed that North Continent Fire will license the dealer as agent and will have the same relationship in the financing picture as, for instance, Motors Insurance does in the General Motors program.

## Thompson on S. D. Card at Huron Meeting Jan. 18

Richard A. Thompson, Minneapolis, member of the executive committee of the National Association of Insurance Agents, will represent N.A.I.A. at the annual meeting of the South Dakota Association of Insurance Agents at Huron Jan. 18.

## Hardware Mutual Conference

A five-day conference of department managers of Hardware Mutual of Minnesota and its affiliate, Hardware Indemnity, was under way at the home office in Minneapolis this week. H. R. Caley, president of both companies, was in charge.

George E. Allen, vice-president of Home, was again a week-end guest, with other friends of President Truman, aboard the chief executive's yacht Williamsburg on a week-end cruise on the Potomac River.

ute of limitations expires in two year's time. The difficulty of obtaining evidence in arson cases lies in the necessity for devoting so much time to obtaining adequate evidence necessary to implement the successful prosecution of this crime. The proof of the corpus delicti in an arson case differs from other crimes in that the fact that a fire occurred is not sufficient, as most states insist that some evidence be introduced to prove the incendiary origin of the fire. In many instances the investigation of arson cases outlives the term of the statute of limitations. This is especially true of those states having statutes of less than five year's duration. The committee recommends that steps be taken to establish a five year minimum.

## Silhanek Retires; Owen to National Loss Post in West

Assistant Manager E. J. Silhanek of the western department in Chicago of National Fire at his own request will retire from active duty Dec. 31, under the company's disability allowance plan.

For several years Mr. Silhanek has been troubled with an eye affliction which has impaired his vision to the extent of seriously limiting his activities, and his doctor recommended retirement in the hope that relief from the strain imposed by the nature of his work would avoid further impairment.

Mr. Silhanek joined the underwriting department of National in 1913 after 11 years' experience in various agency and company offices. He was appointed agency superintendent in 1925 and assistant manager in 1935.

Vice-president E. H. Forkel and the managers and department heads of the western department are giving a luncheon in his honor at the Union League Club Dec. 18.

Thomas E. Heald, who for many years has been superintendent of the loss department of the western department of National has been named general adjuster and W. Russell Owen has been appointed superintendent of the loss department with G. A. Anderson as assistant superintendent.

Mr. Heald joined National in 1906, and after six years' field work in Cook county and Illinois, was transferred to the loss department and appointed superintendent in 1916. He is generally recognized as an outstanding and exceptionally well informed loss man. He recently got back on the job after suffering a heart attack.

Mr. Owen has had an extensive experience in other departments. He was first employed by National in 1913 on a part-time basis while attending Armour Institute of Technology, from which school he was graduated in 1917, and after serving in the first war, returned to National as special agent first in Wisconsin, later in Ohio, and in 1926 was made a chief examiner in the Chicago office.

## Chicago C.P.C.U. Review Schedules

The Chicago chapter of the Society of Chartered Property & Casualty Underwriters will start its review courses for the C.P.C.U. examinations the week of Jan. 14. Three courses will be offered, parts I and II (insurance combined, part III (general education) and part IV (law). Part V (accounting and finance) will be offered if an adequate number of paid applications is received before Jan. 2.

R. M. Babbitt, Jr., president of the national C.P.C.U. society and local educational chairman, will conduct the insurance class, which starts Thursday, Jan. 17, in room 1552 Field bldg. Howard Berolzheimer, former Northwestern University professor and now economist for the National Tax Equality Association, will be in charge of the general education group, which emphasizes economics. This class will commence Tuesday, Jan. 18, in room 1505, 120 South LaSalle street. J. G. Culbertson of the insurance law firm of Hinshaw & Culbertson, will conduct the law group starting Monday, Jan. 14, in room 1039 Insurance Exchange. The accounting class, if offered, is scheduled for Wednesday, Jan. 16.

Each class will run from 6 to 8 p.m. for 20 weeks and tuition is \$25 per course. The C.P.C.U. examinations will be held June 5-7.

Insuring manufacturing risks? "The Manufacturer and Insurance" by Myers tells how. \$3 from the Casualty Insurer, 420 E. 4th St., Cincinnati 2, Ohio.



"For one terrifying second we thought it was stopping at our house..."

**NATIONAL ADVERTISING**  
like this paves the way for Agents to sell more adequate limits of Fire Insurance. Why not try it?



1 "Thank goodness, it wasn't our place this time! For one terrifying second we thought it was stopping at our house. It wasn't but it was near—right down our street—and it started us thinking..."



2 Seeing it happen so close to home, made us both wonder what we'd stand to lose if our house went up in smoke. My wife and I took a quick checkup of our possessions that night...



3 For the first time in years we measured our home in dollars and cents—and what a shock! Our fire insurance would never cover what we would have to pay for replacements at today's prices."

A man doesn't think much about his fire insurance until a scare like this sets him wondering. And then if he's smart he wonders—or else his wife does it for him—whether his fire insurance is sufficient to cover today's increased values.

Your insurance man has the answer to that one. He'll tell you that values and replacement costs on your home and furnishings are nearly one-half again as much more than they were ten years ago.

He'll also give you the welcome word that while most things have gone up, the cost of fire insurance has actually been *reduced* 40% since 1915.

And, by the way—if your home and its contents are not protected against losses by Windstorm, Hail, Riot, Aircraft, Vehicles or Explosion (except steam boiler) you can add this extended coverage to your present fire policy. Ask your Agent or Broker about this.

Insurance Company of North America, founded 1792, oldest American stock fire and marine insurance company, heads the North America Companies which write practically all types of Fire, Marine, Automobile, Casualty and Accident insurance through your own Agent or Broker. North America Agents are listed in local Classified Telephone Directories.



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COMPANIES, Philadelphia

INSURANCE COMPANY OF NORTH AMERICA • INDEMNITY INSURANCE COMPANY OF NORTH AMERICA • CENTRAL INSURANCE COMPANY OF BALTIMORE  
THE ALLIANCE INSURANCE COMPANY OF PHILADELPHIA • NATIONAL SECURITY INSURANCE COMPANY • PHILADELPHIA FIRE AND MARINE INSURANCE COMPANY

## AS SEEN FROM CHICAGO

### TO HEAR MISSOURI CHAPLAIN

Rev. Paul L. O'Connor, S.J., chaplain on the U.S.S. Missouri will be the holiday speaker at the luncheon of the insurance members group at the Union League Club, Chicago, Dec. 17. Lt. O'Connor was on the Missouri during the entire time it was in the Japanese area and witnessed its various activities. He was present when the Japanese surrender treaty was signed. Chaplain O'Connor is a brother of James C. O'Connor, associate editor of THE NATIONAL UNDERWRITER and editor of the Fire, Casualty & Surety Bulletins.

### ENGEL RETURNS TO AGENCY

Robert K. Engel, who has been in the navy for 26 months and an instructor in radio stationed at various points in the United States, has returned to the Meyers-Engel agency, Chicago.

### BEARD OUT OF NAVY

Robert H. Beard, Jr., is back on the insurance production firing line with the Robert H. Beard agency of Chicago after two years in the navy. He was a quartermaster third class and was on the carrier Thetis Bay. Mr. Beard takes

some pains to make clear that a quartermaster in the navy is different from in the army and has to do with navigation rather than passing out shoes.

### KADYK BACK FROM LONDON

David J. Kadyk of the Chicago insurance law firm of Lord, Bissell & Kadyk, has returned to Chicago after a business trip to London. While in England he conferred with British insurance men and observed the beginning of reconversion of the business from a wartime to a peacetime basis.

### REPORT ON HOME OWNERS MUTUAL

Home Owners Mutual of Chicago at April 30, 1945, had assets \$245,294, surplus \$84,717, guaranty fund certificates outstanding \$170,325 according to the report of an examination by the Illinois department. This is the company that was organized in 1905 as Bohemian Mutual Fire, later becoming Traders Mutual Fire and since 1940 being known by its present title.

G. Hicks Fallin is president. The only officer that receives a salary is the secretary, Lillian Bagdon. The company

owns all the stock in Homic Agency, Inc.

Net premiums written during 1944 were \$93,356, claims paid were \$16,746. The ratio of losses incurred to premiums earned was 27.78; commissions incurred to premiums earned 64.6 and other underwriting expenses 19.32.

### CHRISTMAS 4-DAY CLOSING

Insurance offices in Chicago and other points have been discussing what course they would pursue in connection with the announcement by President Truman that a four-day holiday period would be granted to federal employees. There will be no regular mail delivery Monday of Christmas week. People can secure their mail if they desire by going to the post-office. The Chicago Board of Fire Underwriters issued a bulletin this week stating that its office would be closed Saturday, Sunday, Monday and Tuesday of Christmas week but that it would be open the day before Jan. 1 in view of the large amount of extra accounting work at the end of the year. As a rule the fire offices in Chicago follow the Chicago Board's program.

### KNAPS ELECT PAUL FRY

Paul Fry, assistant branch secretary of the National Automobile Underwriters Association, was elected commander at the annual banquet meeting of the Knaps, social organization of Chicago insurance men. He succeeds Al M. Wagner of Hanover, also one of the founders. The other two original members of the group are N. J. Tierney, Wagner & Glidden, and Karl Weipert, assistant manager of London Assurance, both of whom have headed the Knaps.

The other new officers are: Lieutenant commander, R. E. Dixon, superintendent auto department, Fire Association; lieutenant, Earl Gibbs, vice-president Boston, Lansing, Mich.; lieutenant (j.g.) A. O. Andersen, general agent Fireman's Fund.

The Knaps drew its title from the given names, Karl, Norbert, Al and Paul, who some 15 years ago were drawn together by a passion for cooking and eating good foods. The high priest was Karl Weipert, who is a skilled chef. Occasionally an insurance notable was taken along on these feeds as guest, and so the idea grew to a formal organization. A number of fire company managers attended the turkey feast this year and participated in the cards and refreshments that followed.

### HOLD SUPERVISORS MEETING

Underwriters Adjusting held a semi-annual supervisors' meeting in Chicago, consisting of a conference on loss procedure. Present were A. P. King, Cleveland; R. M. Peterson, Detroit; J. N. Cline, Indianapolis; F. S. King, Minneapolis; M. C. Scanlan, Omaha; F. N. Jacks, Kansas City, and J. L. Whitman, Milwaukee. Mr. Whitman was given recognition for 25 years' service with the organization. He is the fourth member of Underwriters to receive this recognition, the others being T. A. Pettigrew, president; F. S. King and E. N. Olson, St. Paul. H. H. Moore, general manager, presided.

## NEW YORK

### HOLBROOK, SMITH ADVANCED

John Holbrook and Walter C. Smith have been appointed assistant vice-presidents in the New York office of Marsh & McLennan. Mr. Holbrook has returned from army life where he was a lieutenant colonel in the air corps. He had been with M. & M. since graduating from Yale in 1931.

Mr. Smith has been manager of the casualty department since 1941.

### STUDY FUTURE OF B.D.O.

Considerable interest is being indicated these days in the future of the Business Development Office. This en-

terprise is jointly sponsored and financed by companies and agents, and there have been rumors that the companies have decided to discontinue their participation in the work. That may mean that the B.D.O. as such will disappear but some of the personnel and research functions may be taken over directly by the company organizations.

### BOARD VETERANS GATHER

The 25-Year Club of the National Board celebrated a double anniversary at the 20th annual meeting. W. E. Mallalieu, club president, celebrated his 45th anniversary with the board, of which he has been general manager for 35 years.

Seven new members were inducted: Francis J. Allen and Herman P. Ruthenberg, arson department; John H. Arnold, fire prevention and engineering, and Mrs. Mae I. Jerome of the actuarial bureau—all in the New York office; Rudolph C. Stange, assistant general manager at San Francisco; Harvey T. Munn and Miss Rose Goettel, fire prevention and engineering department in Chicago.

A luncheon was held with 26 members present, as well as honorary members F. A. Christensen, president of the National Board, R. P. Barbour, ex-president, and C. H. Lum, retired assistant general manager at San Francisco.

Mrs. Edna Van Pelt of the actuarial bureau celebrated her 30th anniversary and was an honored guest.

### CHRIS SHEFFE VICE-CHAIRMAN

Chris D. Sheffe, U. S. manager of London Assurance, has been elected vice-chairman of the New York Board, succeeding the late A. R. Phillips.

### Hartwell Cabell Has Good Claim

WASHINGTON—The U. S. Supreme Court affirmed a circuit court reversal of a district court dismissal of suit by Hartwell Cabell against James E. Markham, alien property custodian, and Alexander Julian, U. S. treasurer, for unpaid portion of a claim for legal services, seeking to recover from assets of General of Trieste and Venice, seized by the custodian in 1942.

Mr. Cabell claimed the right to sue under Section 9(A) of the trading with the enemy act. The government appealed from the circuit court's decision, which ruled against government interpretation of Section 9(E) of that law.

The Supreme Court says Cabell has "an admittedly good claim for about \$7,000 earned in 1935," which the Italian company assets are ample to pay.

## CASUALTY STATISTICIAN

This man has had 17 years insurance accounting and statistical experience with a large casualty company. Good personality, ability and references.

### FERGASON PERSONNEL

Insurance Personnel Exclusively

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## HIGHLIGHTS in Insurance History

Like many other worthwhile inventions, the Dean Schedule of rating, introduced in 1901 in Illinois, was greatly ridiculed. While this "Analytic System for the Measurement of Relative Fire Hazards" was a decisive departure from the old Union Schedules brought over from England, it was not widely used until after the San Francisco fire of 1906. Today, it is used by more than half the nation, and unlike the Mercantile Schedule, allows latitude in naming the basic rate best suited to each community. In the system's scientific study of Occupancy and Exposure, the American public has received an education in the causes of fire, and their effect on premium rate making. It has also helped to reduce the number of fires, because a community's fire rates, varying according to its fire-prevention measures and types of buildings found, give a real incentive to civic progress.

This important contribution of Mr. A. F. Dean has had far-reaching effects, not only in the insurance field, but throughout American industry.

The National Union and Birmingham Fire Insurance Companies are noted for painstaking attention to all details in connection with improvement of risks through safety engineering.

**NATIONAL UNION**  
and Birmingham  
**FIRE INSURANCE COMPANIES**  
PITTSBURGH • PENNSYLVANIA







## Pioneers for 100 Years

WHEN Royal was founded in 1845, the United States was a land of pioneers . . . of ox-carts and covered wagons, on the threshold of a century of progress and prosperity.

And wherever these pioneers went, Insurance stood behind them, protecting their property in uncharted territory. When disasters came, Royal, and other companies, contributed to the restoration of crippled communities by the prompt settlement of every just claim.

Thus Royal, too, has been a pioneer . . . anticipating the growing insurance needs of the communities it has served . . . meeting new challenges with trustworthy solutions. Promises backed by performance

have won for Royal the complete confidence of American policyholders and agents—and to both go our hearty thanks for their substantial contribution to the Company's gratifying record of growth and achievement.

\* We hold thee safe



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COMPANY LTD**

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## NEWS OF FIELD MEN

### Veterans Return to National Fire

Four field men have returned to National Fire group, and another veteran has been appointed in the Carolinas.

Lt. Carl Fisher, navy, has been appointed special agent and reassigned to the Oklahoma field with headquarters at Oklahoma City.

Lt. Hall Warren, navy, has been reappointed state agent and reassigned to the Oklahoma field.

Capt. James T. Schuessler, army, has been reappointed special agent and reassigned to the south Texas field with headquarters at Houston.

John P. Winchester, recently released by the army, has been appointed special agent in North and South Carolina with headquarters at Charlotte.

Lt. C. E. Hibbard, navy, will report to Hartford for refresher courses after which he will be reassigned to the Virginia field with headquarters at Richmond.

### Boe, Goldsmith End War Service, Rejoin Travelers

Clarence A. Boe, who has been in the navy, on active service in the Pacific, has been released from service and has been reappointed by Travelers Fire as assistant manager in Milwaukee.

William G. Goldsmith has been renamed fire survey engineer in Kansas City. He has been a captain in the military police, assigned to the internal security division of the provost marshal general's office. He was in Chicago for a time and later was made chief of the plant protection section in Milwaukee.

More recently he has been in Washington as safety director, plant protection officer, fire marshal, zone officer and air raids precautions officer. His major responsibility on all assignments was that of fire protection and prevention for risks of prime importance in the war effort.

### Heath Made State Agent in Ohio for Scottish Union

Scottish Union & National have appointed Preston E. Heath state agent of Ohio, with the exception of the southeastern portion, with headquarters at 1105 Chester avenue, Cleveland.

Mr. Heath, after three years of service in the navy, was recently discharged with the rank of lieutenant. Prior to his enlistment Mr. Heath represented the company as state agent in the Rocky Mountain field.

Howard W. Herd has resigned as state agent for western Ohio and entered the direct production field, having joined the M. Bein agency, Columbus.

### Weber Going to St. Louis to Do Special Work

Frank J. Weber, rating and fire protection engineer of the Glens Falls western department, Chicago, has been appointed special representative by the group at St. Louis effective Jan. 1. He will do special agency work in Missouri under supervision of Edward M. Garlick, manager at St. Louis.

Mr. Weber has been in the insurance business for 16 years, having started in Chicago with the Moore, Case, Lyman & Hubbard agency in 1929 as fire protection engineer. He remained until

1933 when he went with the Bartholomay-Clarkson agency there in the same work.

In 1940 he joined the Glens Falls western department, organizing its fire protection and engineering department which he has headed since that time. Mr. Weber had a technical education, and his assignment to St. Louis is a promotion.

### Nick Kleber to Ill. Post for Royal-Liverpool

Nick Kleber, Kansas state agent for Royal-Liverpool at Wichita prior to the war, has been named state agent for the group for Central Illinois with headquarters at Bloomington where he reports Jan. 1. Kleber, a T/5 in the medical corps of the army, saw service in the European theater and spent some time in Germany before his return in November. Since then he has been at the home office in New York in refresher work.

State Agent C. J. Wintrol will continue to handle the southern Kansas field for the group at Wichita and Ray H. Priest will handle northern Kansas from Topeka.

### Kealey Rejoins Pearl in N. M.

Cliff Kealey, state agent of Pearl in New Mexico, who has been with the 20th air force in the Pacific and more recently at Guam, has been discharged from service and is back at his old job.

### Maxwell to Pacific National

Bert Maxwell, formerly with Floyd West & Co., Dallas general agents, who has been a flight engineer with the Air Transport Command for three years, has been appointed Texas state agent of Pacific National Fire, with offices in Dallas. He succeeds Deane Logan, who

## Ohio Changes



W. W. Waters



G. E. Woodfield

Figures in Ohio field changes of Ohio Farmers as reported in the Dec. 6 edition: W. W. Waters, now executive state agent in charge of southern Ohio, Columbus, and G. E. Woodfield, state agent for southwestern Ohio with Dayton headquarters.

has resigned to establish his own general agency in Dallas.

Pacific National has appointed M. H. Malone special agent in Seattle. He has spent his entire insurance career in field work. At one time he was with Charles W. Sexton Co. at Minneapolis.

### Returns to Royal-Liverpool

Fred W. Valley, who has been a lieutenant commander in the navy, has rejoined Royal-Liverpool as special agent at Seattle. He has been in service five years.

### Voorhies Returns to Cal. Field

Firman B. Voorhies, after 3½ years' absence in air force service, has returned to his old duties as special agent and engineer for Phoenix of Hartford,

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"LA OCEANICA," S.A., takes pleasure in offering its insurance facilities in Mexico to all of its clients who may be seeking fresh business outlets south of the border and who may be investing capital in new sources of income.

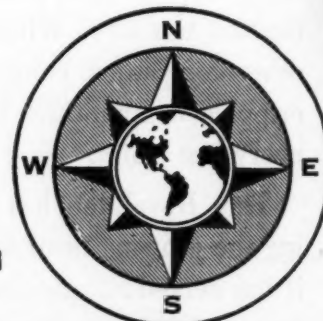
May we assist you in solving the many problems that may arise? We will gladly answer any queries you may have regarding Mexican or Latin American insurance laws or practices.

"LA OCEANICA," S.A., is one of the most heavily capitalized casualty insurance companies in the Mexican Republic and is reinsured by a group of strong American companies and Lloyd's of London.

MANAGING DIRECTOR: KENNETH PRICE

PRESIDENT: BRUNO PAGLIAI

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The direc dividend of ing the tota \$1.25.

A bonus voted each ave previe payments o total payme

### Texas Cor

General o Casualty, ave move



traveling the territory of the California south and north coasts and San Francisco Bay area. He served in the European theater and at the time of his discharge was a major.

#### N. J. Field Club Luncheon

The New Jersey Field Club will hold a luncheon in Newark Dec. 17. Leon A. Watson, rating organization expert, will be toastmaster. Three new members will be admitted.

#### Returns to Royal-Liverpool

After having seen action in the Pacific on the "Sullivans," Lt. (j.g.) Claude C. Purdom, former special agent for Royal-Liverpool in Kentucky, has resumed his duties in that territory.

#### U. & O. Talk in Los Angeles

LOS ANGELES—Al W. Gilbert, Pacific Board, gave the Southern California Fire Underwriters Association a comprehensive presentation of U. & O. policy forms, pointing out the desirability of certain forms for the various classification of U. & O. coverage. He also answered questions from the floor.

The Sacramento puddle of San Francisco Blue Goose is holding its annual ceremonial and dinner-dance Dec. 14 with an initiation at 4:30 p. m.

The New Jersey Special Agents Association will hold a Christmas party Dec. 17.

The California Blue Goose held its Christmas party in Los Angeles with about 100 couples in attendance. L. E. Hed, Zurich, was chairman.

Gene E. Groff, special agent of North America in Los Angeles, has resigned and will practice law with Gene Davis, insurance attorney. He is a C.P.C.U.

Lt. Arnold Repegno, who before entering the army was special agent of Hartford Fire in Los Angeles, is home on terminal leave and will return to the company on his release from service.

## COMPANIES

#### C. L. Rolfe and H. R. Noack Return to National Fire

Charles L. Rolfe has been released from active duty as lieutenant commander in the navy and has been appointed superintendent of the loss department of National Fire.

Mr. Rolfe has been with National Fire since 1923, serving in various underwriting and field service capacities, first in the head office and later as special agent in Pennsylvania and then as special and state agent in Maryland and District of Columbia. He left Baltimore to join the navy in 1942.

He attended Hartford College of Law.

Lt. Col. Harold R. Noack has been released from active duty with the army and has been appointed superintendent of the reinsurance department of National Fire.

He has worked for National since 1919 in various capacities, and when he left for the army was head of the reinsurance department.

#### Gulf Pays Extra on Stock and Bonus to Employees

The directors of Gulf voted an extra dividend of 25 cents per share, increasing the total payments for the year to \$1.25.

A bonus of 4% of 1945 salary was voted each employee, and since there have previously been three quarterly payments of 2% each, this increases the total payment to employees to 10%.

#### Texas Companies Move

General of Dallas and Houston Fire & Casualty, companion companies, both have moved to Fort Worth to effect

economy in management and operation and closer coordination of both home office and field activities.

#### St. Paul Mutual Holds Turkey Losses to 23%

ST. PAUL—Highly satisfied with a loss ratio of not to exceed 23% on its 1945 turkey business, Farm Owners Mutual of St. Paul will make no change in rates and coverage for 1946, President W. J. McGladrey announces. This company insured 3,750,000 birds in 1945 with a loss of only 1.6 cents per insured bird.

Rates ranged from 2 to 10 cents per bird, with liability ranging from 75 cents to \$3 per bird.

This year the company offered three deductible contracts of 1/2 cent, 3 cents and 5 cents respectively. In 1946 the 3-cent deductible will be dropped because there was not enough demand for it, Mr. McGladrey said.

#### Seitz Opens Two New Offices

The H. C. Seitz adjusting firm of Oklahoma City has incorporated and permitted senior adjusters to acquire an interest in the business. The firm has

opened an office in the Simpson building at Ardmore, Okla., with D. M. Murchison as manager, and another office in the Daniel building at Tulsa under supervision of Del Higbee.

#### Sherin Ia. Department Actuary

Woodrow E. Sherin, former examiner, has been named first actuary in charge of the life division of the Iowa department. He served as a lieutenant in the army air corps and recently received his discharge.

Mr. Sherin succeeds Fred J. Wilbois, who had been serving as head of the life division and who has returned to his former position as examiner.

# SOUTHERN DEPARTMENT

# 50<sup>TH</sup> Anniversary



You don't have to be an insurance agent south of the Mason and Dixon Line to be interested in this special edition of Fireman's Fund Record. It tells a simple, human-interest story of the modest start, 50 years ago, of a company office in the South which has now grown into a large and successful operation. If you are not acquainted with the Fireman's Fund companies this booklet will prove an ideal introduction. Write to our nearest office today for a copy of the November Record and learn at first hand why agents and brokers all over the country say, "I like the Fireman's Fund way of doing business."



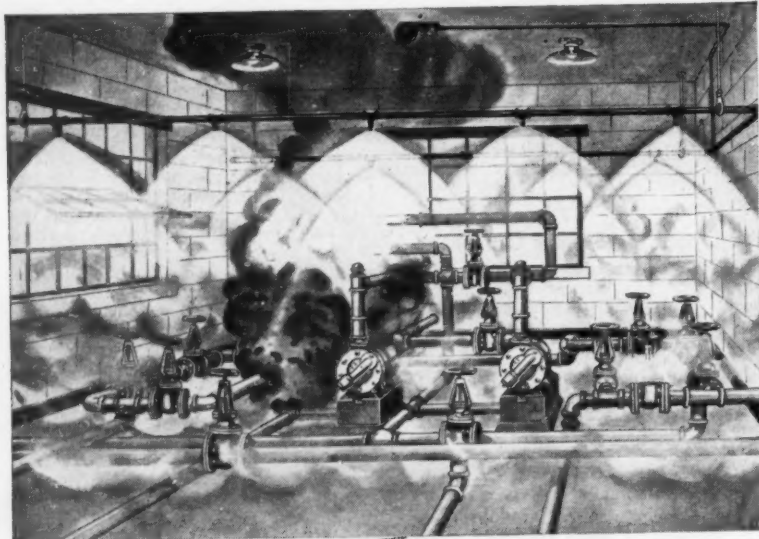
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The resultant damage from a fire in this pumping station must be calculated, not only in terms of actual physical loss but also in terms of losses resulting from the interruption to plant operations.

Whether started from a cracked fitting, faulty pump packing, leaky flange or similar cause—fires of this type have sent flames rocketing to alarming proportions and intensity within the space of a moment.

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There's no escaping FIRE-FOG's mist-fine water spray—it beats down the flames, drives out the oxygen, smothers the fire.

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YOUNGSTOWN, OHIO . . . . . OFFICES IN 36 CITIES

"Automatic" Sprinkler manufactures and installs a complete line of fire protection devices and systems for all types of fire hazards. Listed by Underwriters' Laboratories, Inc., and approved by Factory Mutual Laboratories.

## Frank Bell Gets Action in W. Va. License Issue

CHARLESTON, W. VA. — After having been notified by Commissioner Sims to attend a license revocation hearing Dec. 10, A. D. Davis of Chicago surrendered the West Virginia non-resident broker's license of A. J. Davis & Co. Commissioner Sims responded that the license had been cancelled and that the hearing was dismissed.

Mr. Sims called the hearing as a result of a complaint lodged by F. R. Bell, president of Patterson, Bell & Crane, local agency of Charleston, and a former president of the National Association of Insurance Agents.

Mr. Bell reported that A. J. Davis & Co. was taking over the insurance on two coal properties with premiums of more than \$150,000 and that London Lloyds was providing 77% of the cover. Mr. Bell alleged that the Davis Company had been placing insurance in West Virginia in non-licensed companies and at less than the West Virginia Inspection Bureau published rates.

Mr. Davis replied to Commissioner Sims that a few years ago he made an arrangement with several groups of insurers to write coal mining business on a book or panel basis, meaning that they would assume liability on all mining properties controlled by A. J. Davis & Co.

### Engineering Work

"We do a considerable amount of engineering work on such properties, to clean them up from a fire hazard, and also to give the assured the benefit of lower rates. Therefore, we asked for higher commissions to compensate for this work. These companies were used, as they have been in Illinois and many other states, in which states we find they are duly licensed. Why some were not licensed in West Virginia we do not know. At the time we did not care which company of the group was used, as they all had good financial statements.

"As for the 25% off rate quoted in the complaint, this may be due to the fact that rates have gone up since the first blanket rate was used, and the renewal rate in the policy was not changed. We have not checked this recently. There are many companies we now find admitted in various states, including Illinois, at what Mr. Bell calls off rates, or a dividend basis. This is usually granted by a state, we understand, if a good loss record is substantiated. The companies used have had good loss records over a period of years and good financial statements, and even if some of these policies drifted into being off rate, we do not believe the insurance company, assured nor state has been injured.

### Changed the Cover

"Since we heard about the violation, we immediately cancelled insurance policies in our control that were non-admitted and placed them in companies which are admitted. We were careful to check the latter point."

"Regarding the writing of other unknown lines of insurance in West Virginia in these companies we would like to state that we have no other lines in this state, except one and that, after a thorough check, is written only in companies duly licensed to do business in West Virginia.

"Apparently we inadvertently made an error, for which we are sorry, and which we have tried to rectify. We understand now that someone else in West Virginia will handle these accounts. Therefore, under the circumstances, it will not be necessary for us to continue our license, and we therefore surrender it herewith."

On August 10 of this year the West Virginia department notified all fire insurance companies that commencing April 1, 1946, no company would be li-

censed that is a member of a company fleet unless all member companies of the fleet maintain a license in West Virginia. The purpose of that order is to stop unauthorized insurance transactions and it is said that the Davis case is a forerunner of the rigid enforcement policy of Commissioner Sims in this respect.

## E. M. Allen Addresses Joint Rally of Richmond Groups

RICHMOND—Edward M. Allen, executive vice-president of National Surety, spoke at a joint meeting of the Insurance Exchange of Richmond, Stock Fire Insurance Field Club of Virginia and Casualty & Surety Underwriters Association of Virginia Monday evening. Edmund T. DeJarnette of DeJarnette & Paul, Richmond, past president Virginia Association of Insurance Agents, was toastmaster. Guests included Senator Harry F. Byrd, Congressman J. Vaughan Gary, of the Richmond district, Corporation Commissioners Hooker, Apperson and Downs and Insurance Commissioner Bowles.

## N. Y. Federation Reelects All of Its Officers

NEW YORK—W. H. Lucas of Le Roy was reelected president of the Insurance Federation of New York at its annual meeting here, as were all other officers. They are J. C. Stott, Norwich; R. F. Smith, Watertown; A. C. Deiseroth, Syracuse, and C. J. Schoen, Mt. Vernon, vice-presidents; E. S. Poole, Albany, treasurer; E. H. Hunt, Albany, secretary and counsel.

## Property Facts Are Basic

The starting point for sound solution of problems of Insurance, Income Taxation, Reconversion, Accounting and Finance is an accurate knowledge and record of Property Facts.

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## Bannerman Named at Hartford Fire; Warder Retires

Because of ill health, Associate Manager L. G. Warder of the western department of Hartford Fire has retired. Mr. Warder has been with Hartford since 1917, first traveling in the field, and later being head of the hail department, then the farm and hail departments. In 1932, he became assistant



L. G. WARDER

general agent and in 1938, associate manager.

H. G. Bannerman has been appointed superintendent of the farm department. He will take up his duties immediately in charge of this department, both in the office and in the field. Mr. Bannerman has been with Hartford since 1924. While he has spent a considerable part of his time in the office, he has also traveled in the field as a special agent, an adjuster and a supervisor.

## Okla. Tax Discount for Local Insurers Held Invalid

OKLAHOMA CITY — Oklahoma companies are alarmed over County Judge Babcock's ruling invalidating discounts from the 4% gross premium tax based on the percentage of total investments in the state. At a conference of Oklahoma company executives it was decided that problems of life companies differed so materially from those of fire and casualty companies that it was better that a committee from each group be appointed to unite their efforts in seeking a solution.

A movement for a revision in the state's tax structure looms and is expected to gain momentum before the next legislature. Governor Kerr predicts that the Oklahoma City and Tulsa chambers of commerce will demand that the tax situation be studied. Such a movement has been advanced from fourth to second place among 1946 projects sponsored by the Oklahoma chamber. In an attack on the 4% premium tax the Tulsa chamber declared that such a levy will "leave home institutions with no alternative but to move headquarters elsewhere."

The bids received by several Oklahoma companies from the Dallas chamber of commerce provoked the action. Joe D. Morse, president Home State Life, predicted that if Judge Babcock's ruling is sustained the tax may cost Oklahoma companies from \$50,000 to \$100,000 annually. Assuring that his company will remain in Oklahoma in

any event, R. T. Stuart, president Mid-Continent Life, added, but "We will fight this tax to the bitter end." H. B. Houghton, president National Life, implied that the impact of this tax and retaliation taxes in other states would place Oklahoma domestic companies in a situation little short of desperate.

The committee, authorized by the last legislature to study the taxes, will hold its first meeting Dec. 11 at the state capitol.

A "must" for every A. & H. man—**"Planned Salesmanship,"** by Cousins. \$3 from The National Underwriter.

## Planet Names Yocum Asst. Agency Manager

Donald A. Yocum has been named assistant manager of the agency department of Planet.

Mr. Yocum began his insurance career in 1929 with the St. Paul group. He served as an apprentice underwriter and for a time acted as special agent for Minneapolis and Tennessee. In 1941 he went to National Surety Marine as executive special agent. During this period, he acted as home office representative for the eastern half of the

U. S. and later was given supervision of eastern New York, eastern Pennsylvania, Ohio, Michigan, West Virginia, Indiana and Kentucky. In 1944 he was transferred to Pittsburgh. Last February he entered the marine corps and on his discharge joined Planet.

Homer C. Parker, Georgia insurance commissioner, returned to his office duties Tuesday after suffering a heart attack en route to the N.A.I.C. meeting at Grand Rapids last week, necessitating his leaving the train at Jackson, Mich., Sunday a week ago. He returned home and is back at his desk.



# "IT'S GRAND TO BE BACK!"

As that soldier or sailor you knew as a boy returns to your agency, can he feel, sincerely, that the job he comes back to has a fine future?

To be sure that his job in your agency does have the best possible future, your business ought to be streamlined. Wasteful methods should be eliminated, efficient ones installed. And even if no veteran is in your agency, you'll have to compete with new-style, up-to-the-minute agents.

Just as your agency acts as counsel to your clients on all insurance problems, so the fieldmen of the Security Insurance



Companies are equipped to analyze an agency's methods and to offer constructive, helpful suggestions on reducing waste and increasing efficiency. Each agency has different problems, but a widely experienced fieldman, who has had the opportunity to see hundreds or thousands of agencies in operation, can usually see clearly what improvements are indicated.

The battle lines of competition are forming fast for 1946. To be sure you have all the information you need to meet these competitive conditions, call in the fieldman of the Security Insurance Companies.

## Security Insurance Companies

SECURITY INSURANCE COMPANY OF NEW HAVEN  
THE EAST & WEST INSURANCE COMPANY OF NEW HAVEN  
NEW HAVEN UNDERWRITERS  
THE CONNECTICUT INDEMNITY COMPANY

1841 — SECURITY, THE NATION'S WATCHWORD — 1945



"Claims arising under the company's policies are promptly paid when properly presented and proven. Resisted claims are few. Claimants are fairly and impartially treated, and the disposition of the company is to settle its policy obligations in accordance with its contract and without undue delay."

From convention examination conducted by  
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Fire : Automobile : Inland Marine



Absorbs all types of oils, greases, fats, plus water and soluble oil solutions.

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Keeps floors dry and free from oil and grease accumulations and oil-and-water "slicks".

Accumulations of oil and grease and oil-and-water "slicks" around machines result in skiddy floors, aisles and steps that are a menace to workers and a constant threat of fire. They are the direct cause of thousands of avoidable accidents due to falls, that take a heavy toll from insurance companies. You can help eliminate these hazards by recommending the use of OIL-DRI (All-Purpose) in factories, repair shops, service stations, public buildings, etc.



Our national sales organization will gladly work with your inspectors in contacting your clients.

Write for Informative Bulletin.

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OF AMERICA  
5036 N. RAVENSWOOD AVE.  
CHICAGO 40, ILLINOIS

## Giles, Domke Back with Millers Nat'l

John O. Giles, assistant treasurer of Millers National, is back on the job after 30 months in the navy. He left the service with the rank of lieutenant commander.

During the last 16 months he was stationed in the Marshall-Gilbert area in the Pacific, on Ebeye Island, Kwajalein Atoll. As a member of the staff in charge of personnel, he made weekly inspections by plane over the 13,500 square miles under that command, visiting a half dozen islands or so on each trip.

Also back on the job in Millers National is Elmer Domke, in the army over two years. He was in the European area for 18 months in the adjutant general department machine records. He spent several months in England and Scotland, and the balance of the time before returning home he was in France, Belgium, Holland and Germany.

Others who have just returned to Millers National from the armed services are Henry J. Mueller, after 3½ years in the headquarters division of the air corps, two years of which were spent in England and one year in France; Earl Zimmerman, in the aircraft division, for three years; Richard Beitler, who spent over two years in the Seabees, ordnance department, the naval procedure coding division.

## Independent Insurers to Open Headquarters Office

The National Association of Independent Insurers is preparing to open a headquarters office in Chicago with a salaried manager and staff. The position, it is understood, has been offered to a former insurance commissioner but he has not given his decision. The headquarters office would look after the filing requirements of the member companies under the various rate regulation statutes.

One of the most prominent southern commissioners is being sought for another insurance organization headquarters post. The Industrial Insurers Conference is undertaking to strengthen its organization and is seeking to acquire the services of this commissioner. Raymond Daniel of Atlanta has been the executive secretary but he has been in ill health and is being retired on pension. It is likely that the headquarters will be moved to a city other than Atlanta.

## Steen Succeeds Graham

F. C. Graham, manager of the premium finance department of the La Salle National bank in Chicago, has resigned to go with the Twin City Agency of Minneapolis. He has been succeeded in the bank post by Simon I. Steen, who has been in the bank's personal credit department for about a year. Mr. Steen has been for many years in the banking business but at one time was associated with his brother Edward Steen, a general insurance broker of Minneapolis. He is a member of the Minnesota bar and formerly was connected with the First National bank and Federal Reserve bank of Minneapolis and Northern Trust Company of Chicago.

## Gulf Plans New Building

Directors of Gulf of Dallas have voted to proceed with the construction of a home office building as soon as plans can be completed and necessary arrangements made. Gulf owns a site embracing 85,000 square feet in the close-in resi-

## Former Colorado Commissioner Dies

Jackson Cochrane, who retired from office as Colorado commissioner six years ago after having occupied that position for 18 years, died in Samaritan hospital, Denver, at the age of 78. After having been in the hospital since last July he appeared to be on the road to recovery and had returned to his home when he was stricken with a severe cold.

He was born at Durham, Ont., and went to Colorado nearly 50 years ago. During the depression days Mr. Cochrane championed what he always referred to as the Cochrane law which provided that a life insurance company could never fail but if it became impaired, liens would be imposed on the policies and the company would be permitted to work out of its difficulties instead of being placed in receivership. Unfortunately, Mr. Cochrane was compelled to try the Cochrane law on the worst possible kind of a dog—Pacific States Life—and he was not able to make a convincing demonstration of the success of his theory.

Mr. Cochrane had civil service status. He prided himself on his actuarial and technical knowledge of insurance and he had the interest and integrity of the business at heart. However, he was not skillful in his human relationships and he frequently got at cross purposes with people. He did, however, have a number of cronies that he sought out. He was old fashioned in his dress and manner and at insurance commissioners' meetings he was very outspoken against the whisky drinking that went on.

## Confusion Over Endorsement on Fire Policy Change

Confusion has arisen in Illinois over the attachment of the endorsement to fire policies in lieu of using the New York standard form, which was adopted in September and becomes effective Jan. 1.

The trouble centers around the time the endorsement should be added. Many agents have put it on their 1945 business and others have neglected to use it on their January policies. As it cannot be used this year and must be added next year until new forms are available, this has caused considerable delay in clearing many policies.

Several companies have stated their intention to use up present policy forms and have declared that they do not expect the new form to be available until February or later.

## Pamphlet on Leadership

An interesting 32-page pamphlet on "How Is Your Leadership Quotient," written by Harry L. Wylie of the Northwestern University faculty has been published by Guy Ferguson of Ferguson Personnel, Chicago. Included is a check list to use in determining one's leadership quotient by answers to various questions on personal traits.

Mr. Wylie teaches business administration, office management and personnel work. He is an Ohio State University graduate, management consultant and author of a text book on office management.

Mr. Wylie has been conducting a seminar on office management sponsored by Mr. Ferguson.

This pamphlet is the first of a series dedicated to leaders.

dential section at the corner of Cedar Springs road and Dickason street.

**QUEEN CITY FIRE INSURANCE COMPANY**  
SIOUX FALLS SOUTH DAKOTA  
1905 D. P. LEMEN, President 1945  
Forty years of service



## Boston, Old Colony Act to Split Stock

### Will Also Vote on Multiple Line Underwriting

BOSTON—A special meeting of the stockholders of Boston has been called for Dec. 31, at the home office to act upon a proposal recommended by directors to reduce par value of company stock from \$100 to \$10 a share and to increase the number of shares outstanding from 30,000 to 300,000. Each stockholder of record would receive 10 shares of the new stock in exchange for each share of the present stock held. No change would be made in the present authorized capital of \$3 million.

#### Dividend Actions

Also to be considered is the recommendation of directors to amend the company charter to include new provisions giving the company authority to transact all kinds of business which companies carrying on a fire and marine insurance business are authorized by Massachusetts law to do, together with additional kinds of business as may be authorized by the laws of the state from time to time.

#### Old Colony Meeting Too

A similar meeting of stockholders of Old Colony is set for the same day to consider similar recommendations.

Directors have declared a quarterly dividend of \$4 per share and a special dividend of \$5 per share on Boston stock, payable Jan. 2 to stockholders of record Dec. 11. Old Colony declared a quarterly dividend of \$5 and a special dividend of \$15 per share, payable Jan. 2 to stockholders of record Dec. 11.

a friendly company

**CONSIDERATE**

to agents' problems

May we direct  
a fieldman to you?

**SECURITY FIRE  
INSURANCE COMPANY**

Davenport

Iowa

"Since 1883"

## Set Hemisphere Parley for N. Y. May 14-17

NEW YORK—The insurance committee of the U. S. Chamber of Commerce voted here to hold a hemispheric insurance conference in New York City May 14-17. This meeting, to which will be invited insurance company executives from all countries in the western hemisphere, had previously been scheduled to be held in Havana early in February.

Chester O. Fischer, committee chairman and vice-president of Massachusetts Mutual Life, said that the change was made to permit more time in completing arrangements for the conference. This will be the first time in which insurance company executives from all countries in the hemisphere have ever been brought together.

The purpose of the meeting will be to promote a better understanding of insurance and its operating methods and to promote closer cooperation among the insurance companies of all countries in the hemisphere.

The Chamber insurance committee also authorized its health and accident section to proceed with a call for 1945 figures showing the amount of voluntary health and accident insurance in force in the United States during 1945. Rollin M. Clark, vice-president of Continental Casualty and chairman of the section, reported that his group hopes to be able to gather similar figures showing health and accident insurance in force in all other voluntary plans. This would include Blue Cross and medical care plans, employee and employer sponsored mutual benefit associations and associations sponsored by labor unions, as well as those sponsored by governmental bodies.

This would be the first tabulation ever made showing the complete picture of voluntary health and accident insurance in force. The committee anticipates that these figures may present a more favorable showing of private voluntary insurance plans than is credited to them by the advocates of compulsory health insurance.

Mr. Fischer appointed a subcommittee on state and federal legislation to direct the chamber's activities with reference to bills which may come up during 1946, comprised of W. E. McKell, American Surety, chairman; W. Ross McCain, Aetna Fire, Claris Adams, Ohio State Life.

### Chief Examiner of Texas Department Resigns Post

AUSTIN, TEXAS—D. B. Barrow has resigned as chief examiner and chief clerk of the Texas department. He has served in that same capacity under four commissioners and before that was an examiner for several years. He has been in the department 14 years.

Mr. Barrow will be located in Austin and will continue his work in the insurance field as insurance consultant.

M. M. Sorrell will succeed him as chief examiner and chief clerk. L. W. Blanchard, one of the field examiners, will take over Mr. Sorrell's duties as supervising examiner.

Mr. Barrow was presented a desk and chair by Commissioner Butler in behalf of the members of the department and employees. Commissioners Butler and Hall and Vestal Lemmon, representing Commissioner Gibbs, who was out of the city, paid tribute to Mr. Barrow.

The Insurance Women of Columbus will hold the "bosses night" dinner at the Fort Hayes hotel next Monday. Helen S. Masters is chairman, assisted by Betty V. Shaw, Zora A. Wohlstein, Mary K. Chaffin and Carol Rockhold. J. D. Lecky, Hamilton, vice-president Ohio Insurance Co., will be toastmaster.



★ The step-up rate of discharging service men and women is releasing thousands for post-war occupations and new fields. Their experience has impressed them with the need of protection first, last, and always. They form a vast potential market for the sale of Phoenix-London accident policies—contracts outstanding in the insurance field. Agents who fail to cultivate this group—this new army in civilian clothes—are passing up exceptional possibilities.

Sample policies and sales literature  
furnished upon request.

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THE UNION MARINE & GENERAL INSURANCE CO., Ltd.  
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**THE CHARTER OAK  
FIRE INSURANCE COMPANY**

HARTFORD · CONNECTICUT

ONE OF THE  
TRAVELERS  
COMPANIES



## Fete Treasurer of Am. Fore at 50 Year Mark

Charles E. Swan, treasurer of America Fore, has completed half a century of service with the companies.

On Monday his office was decorated with flowers and Mr. Swan spent the day receiving visitors. That evening he was the guest of honor at a dinner, attended by 75. He was presented with a pair of season tickets for the Dodgers games.

Joe Sullivan, production manager of the Fidelity-Phenix local and brokerage department at the home office, was toastmaster and Secretary George A. Boyd as historian wittily detailed Mr. Swan's 50 years with America Fore.

Mr. Swan went with the old Phenix of Brooklyn as a clerk in the loss department. In 1910 when Phenix became part of the group as Fidelity-Phenix, he was made cashier of that company.

In 1911 he transferred to Continental as cashier and in 1921 was appointed auditor of America Fore.

In 1924, Mr. Swan was made treasurer.

## Honor 25-Year Employees

North America held meetings throughout the country of its Quarter Century club, which includes all employees who have been with the organization 25 years or more. For the western regional area the dinner was held in Chicago, with 24 present. V. L. Montgomery, manager of the Chicago service office represented the head office. C. G. Kuechler presided.

## WANT ADS

### SPECIAL AGENT WANTED

Large non-board company has an excellent opening in southern Ohio for a well qualified fieldman with fire and casualty experience. Good salary for right man. Write Box D-86, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### POSITION WANTED

Ex-serviceman desires position with Fire or Casualty Company as State Agent. Well versed in general insurance lines. Operated own agency, 10 years, prior to entry into US Navy. Available immediately for any territory. Married, age 36, can furnish fine references. Address E-14, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### ACCOUNTANT WANTED LOCAL AGENCY DESIRES MAN

To handle general books—accounts current and collections under supervision of management. Our employees know of this ad. Replies held confidential. Address E-15, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### FOR SALE

An old established farm and city agency for cash in Northern Illinois. Owner retiring. Address E-16, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### AUTO UNDERWRITER WANTED

Experienced Automobile Underwriter wanted by large general agency in Chicago. Splendid opportunity. Permanent position. In reply, state experience, age and salary. Address E-17, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WE HAVE OPENING IN HOME OFFICE FOR YOUNG MAN AS MANAGER OF OUR STATISTICAL DEPARTMENT (INTERNATIONAL TABULATING MACHINES). PREFER ONE WITH FIRE AND CASUALTY EXPERIENCE.

AMERICAN INDEMNITY COMPANY  
P. O. BOX 1259  
GALVESTON, TEXAS

## Auto Thefts On Increase; No Early Relief Seen

A bleak period of six months or more is the outlook in the theft line with the picture expected to get considerably worse before any relief appears.

Thefts are definitely on the increase and no immediate decline is predicted for some time. Loss ratios are nearly 100% now and some companies already are dipping into their surplus to meet the situation.

The number of thefts is attributed chiefly to the scarcity and resultant high cost of cars. Crime also is more widespread and a general crime wave has been predicted by the FBI. As long as cars remain valuable they will be a source of interest to thieves.

Garages have become a focal danger point in auto thefts in the middlewest, Chicago reporting an average of eight a day being taken even when attendants are on duty. This has been explained by the fact that help in garages and parking lots is now of the poorer type. Many companies have refused to renew their garage owners legal liability contracts as this line is one of the worst to handle today.

Many cars are stolen only for parts and frequently stolen autos are recovered in a day or so completely stripped or with accessories and easily removable motor parts missing. Lack of parts and the cost of replacement makes this form of theft a lucrative field.

It is felt that veterans are not to be held to blame for much of the serious thievery. Recently returned overseas men have a tendency to "borrow" automobiles to use in getting back to camp or for dates, but usually their interest ends at that point. Such activity may result in filing of many more losses than actually occur but does not involve payment by the companies.

The companies can do little to correct the theft condition, but they are able to make rate corrections to meet the situation, although it is widely believed that any increase next February will not be sufficient. Shortage of cars cannot possibly be expected to disappear until after July next year and while it exists used car prices will remain high, replacement costs will be out of proportion to value and crime will stay at a high level.

What company men complain of most often is the discrepancy in rates and prices. While rates go down with the age of the car, because of the halt in production prices have decreased very little. Cars that formerly depreciated from \$300 to \$800 a year have almost no depreciation now. This results in such high replacement cost that companies specializing in auto risks may operate in the red overall for next year.

There are, however, a few favorable angles, some arising from the General Motors strike. It is felt that the manufacturers were holding back in hiring new men until after some sort of decision could be arrived at on wages and prices. There are said to be nearly 175,000 job openings in the industry which will be filled as soon as a definite policy is reached. The fact that the strike occurred at the end of this year means that at its conclusion the industry will be in a position to begin intensive operations on a settled basis early in 1946, and production of new cars will be more rapid and voluminous.

The strike is also benefiting civilian tire replacements, as it was reported that GM is allowed to have tires on hand only 15 days ahead of production, the quota having been up to date when the strike began. Tires now being produced for GM are being transferred to civilian outlets and are helping to relieve this shortage.

Other accessories such as radios, heaters and parts not manufactured by GM are ahead of schedule.

When full production starts, it is be-

lieved that the scarcity of cars will not be relieved until after the first six months of the year and during that period the companies will suffer most.

## National Board Furnishes Permit and License Forms

The National Board in response to many requests has sent out a bulletin containing seven forms of city permits and licenses for use in connection with the board's model fire prevention ordinance.

The board points out that one effective way of controlling special hazards is by a system of permits and licenses under which the intent of the regulations must be met before any establishment starts hazardous operations. The registration of such possible hazards also is a further aid in assuming proper maintenance of these places.

## Boos Returns to Auto Post

Louis Boos has returned to his position of assistant manager of the automobile department of Boston and Old Colony in the western department at Lansing. He has been in the army in the European theater and at the time of his discharge was a sergeant.

## Eckert with Lanphar Agency

Lt. E. J. Eckert, Jr., U.S.N.R., who has been placed on the inactive list, has joined the Lanphar Agency of Detroit as manager of the underwriting department. Before entering the navy he was vice-president of the Edwin J. Eckert agency, founded by his father in 1937. E. J. Eckert, Sr., died last February.

## Hickmott Aetna Fire Director

HARTFORD—A. C. Hickmott has been elected a director of Aetna Fire and its five subsidiaries to fill the vacancy caused by the death of W. R. C. Corson. Mr. Hickmott is financial secretary of Connecticut General Life.

## McKee to Field & Cowles

BOSTON—John D. McKee has been appointed manager of the metropolitan automobile department of Field & Cowles. He succeeds John J. Lonergan who will devote his time to his personal business. Mr. McKee first was with Charles Haas & Co., then for 10 years was superintendent of the Boston fire insurance department of Automobile, and later for about the same length of time with Kaler, Carney, Liffler & Co. before he went with Field & Cowles in 1943.

## Huff, Geyer & Hecht Splitup

Several of those formerly associated with Huff, Geyer & Hecht, bank and insurance stock brokerage house, have now formed Geyer & Co., to transact business as wholesale dealers in bank and insurance stocks. Offices will be maintained in New York, Boston and Chicago. Members of the firm are George Geyer, Willard N. Bastian, John Butler, Richard J. Beall, Wilbur Kri-sau and George L. Collin with Fred O. Cloyes at Chicago and Robert H. Warren at Boston.

## 59 Join Quarter Century Club

Fifty-nine new members were inducted into North America's Quarter-Century Club at its annual reunion in Philadelphia Dec. 11, bringing the total membership to 251. Among them were 14 employees of Indemnity of North America, who have been with the company since its beginning. This will be the first time Indemnity employees have become affiliated with the club.

Ross E. Coffin, vice-president and director of business development for the Agents Finance Company of Indianapolis, entertained at luncheon 228 company representatives, including executives and field men, to explain its plan of operation.

## National Interest in Tenn. Auto Dealer Fight

National attention is being centered on the fight in Tennessee over the licensing of General Motors dealers as agents for Motors Ins. Co. Commissioner McCormack is resisting such licensing with every resource at his command. Commissioners in other states that have not resisted the licensing of dealers realize that their faces will be red if Mr. McCormack wins out. In practically all states the local agents associations have sought to get the state officials to refuse a license auto dealers and those that have pleaded lack of authority to take such a negative stand expect to be taken to task by the agents organizations if Mr. McCormack is able to prevent auto dealers from getting insurance commissions in his state.

## Union Claims Credit for Insurer's Pay Rise

One of the big companies that has just put into effect a general salary increase was dismayed to find on the same day that the announcement was made to employees, handbills were distributed by a white collar union claiming for the union credit for the pay rise. This was circulated not only among employees of that particular company but among workers in other insurance offices. Apparently there had been a "leak" as to the intentions of the management and as to the timing of the announcement, and the union brazenly appropriated the credit, despite the fact that it had no part whatsoever in the move.

Lt. W. E. Studebaker, U.S.N.R., has returned to this country from service in the Pacific and will be stationed at Great Lakes for two or three months. He is on leave from the Miller-Studebaker General Agency of Topeka and hopes to resume his duties with it within the next few months.

W. R. Valentiner, assistant sales manager of the Rough Notes Co., died Sunday at his home in Indianapolis, following a heart attack. He traveled in eastern and southern states for the Rough Notes Co. for 12 years. Six months ago, he retired from field work and became assistant to Hovey B. Skelton, sales manager.

A thousand pages of accident and health policy information in the 1945 Time Saver. \$4 from The National Underwriter.

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# POINTERS FOR LOCAL AGENTS

## Agents Must Meet Challenge of Transition Period

Agents now need to be on the alert and give modern, effective and intelligent service to policyholders. This is a transition period. Insurance needs may have changed quite materially in some cases. At any rate it is up to the agents to review the insurance of their customers, study their situation carefully, go over the assured's condition with him, ascertain whether there should be changes in existing policies, additional coverages are needed or added insurance to that already in force.

The intelligent and well informed agent now has an opportunity to test his mettle, and justify his commissions. In number of cases it will be found that values undoubtedly have changed, mostly increased. The agent, therefore, should be able to give advice as to whether an appraisal should be made. In almost all cases an appraisal seems desirable. It is difficult at times to give a curbstone opinion because labor enters into a number of cases of replacement. Labor is in most instances demanding time and a half basis for pay. That naturally runs up the cost.

A survey might reveal that there is a use and occupancy policy with the rate doubled on account of the priorities endorsement and the premium can now be refunded. There may be exposure to other hazards on account of the conversion that were not so manifest during the war period. Where plants are being changed to do other work than they have been there is an opportunity for agency service. Take for example, use and occupancy. Many underwriters declare that that form of insurance is more necessary during the transition period than afterwards. A factory is geared along certain lines, is fitted to do certain classes or class of work. Before the machinery can be changed and the ways cleared, a loss may occur that may be serious and cause postponement of the producing period. It may be difficult to get the parts. The converted plant desires to get into action just as soon as possible. A delay may be dangerous. Therefore, these use and occupancy cases should be studied and the present situation ascertained and the possibility of getting under way with new conditions carefully appraised.

This transition period where a concern finds it necessary to convert itself to new form of production may be compared with a seasonal risk. Take a canning plant for example. Agents recommend use and occupancy be purchased on the yearly basis because some injury or loss may occur during the quiet time that will run over into the production period and therefore greatly interfere with progress.

There are a number of small factories that were making certain classes of goods that started into defense operation and now have to be changed.

It is difficult at times to give an estimate as to values of machinery and equipment when this conversion period has started. An agent should advise an assured to secure the services of an appraisal company or some expert on values so that the policyholder can have an idea of what replacement would cost. So far as stock is concerned, if there is now a market, the price can be readily ascertained.

Some companies say that they have been confronted with cases where an agent failed to assess the proper value on use and occupancy. A case is men-

tioned where an agent advised \$10,000 and yet the assured had a \$72,000 loss.

It is highly necessary for the agent to get full particulars as to what insurance a man carries and get figures on his entire operations.

\* \* \*

### Extended Coverage

Agents who understand human nature will not ask a prospect or an assured if he desires "extended coverage." In almost all cases the term "extended coverage" will not be understood. Some agents will quote the fire rate and then say that windstorm costs so much and he mentions a few of the others. Some assureds or prospects will immediately say, "well, give me the fire insurance, that will be adequate." The astute agent will go at this job in a different way. A

man will ask him how much the insurance will cost. The agent will begin to enumerate, starting with fire then mentioning all the various items that are covered under the extension clause. The list will be formidable and most assured will be impressed. The agent will say "you get all this for so many dollars and thus you see that the cost is not so great."

\* \* \*

### Filling Up the Gaps

The successful agent will always want to maintain his premium income at a certain level. He earnestly desires to see an increase from year to year, if that is possible. If, therefore, anything happens to reduce that income, he should at once endeavor to get new customers, enlarge the lines of insurance of present customers, create new business or do something to fill the gap and perhaps raise the level to a certain extent. The successful agent will not allow his premium income to fall. He realizes the desirability of getting new accounts, making new contacts. Thus he prepares for a possible loss here and there.

## Accident Insurance Best Approach to Prospects

Every once in a while an agency head questions himself as to what is the best means of approach to a prospect. Suppose that he has a young man or woman just starting in insurance. What is the best way to reach the prospect. The person who has contacts of various kinds naturally turns to them first. However, suppose a person does not have many contacts.

W. A. Alexander & Co., Chicago, has the reputation for being a sales minded agency. It has been in the business 60 years. It has tried various means of training solicitors and getting them in action. It has experimented along different lines.

Some years ago the agency reached the conclusion through experience that accident insurance forms the best means of approach. Brokers are aided in making sales contracts under a systematic plan by which a letter is sent out to a prospect, explaining a certain accident policy and outlining its main features and advantages. The letter states that Mr. so and so will call in due season and explain the policy at greater length.

### Thing All Can Understand

J. P. Murphy, vice-president in charge of production, is of the opinion that accident insurance has a distinct appeal. It is something that anyone can understand. There are many accidents of many kinds and nearly everyone has at least seen or heard of an accident to some friend or relative. Danger and the accident hazards are all about.

Mr. Murphy was asked what percentage of men who received this letter will give an audience to the solicitor when he calls. Mr. Murphy commented on this particular phase as follows: "Much depends on whether the man who receives the letter knows the solicitor either personally or by reputation. I would say that taking all letters the year around we get about 50% of the people receiving them who are willing to listen to the caller. The type of man receiving the letter has much to do with the reception that he gives. Some men are very stern, selfish and will not grant an interview to anyone. Most intelligent business men, however, realize that if a person

has something that is worthwhile to sell he is willing to give a little time at least the caller.

"Accident insurance is a very clean business. It does not require so much service as other kinds. If it is sold right it renews annually. There is a comfortable commission each year. Some of our men sell term policies for three years thus binding the business for that period. Most companies will follow the rules of fire insurance and make the three year policy cost 2½ premiums.

"When a man sees the person who has received the letter the first minute or two is all important," Mr. Murphy emphasized. The impression that the prospect receives of the caller is made in that short time. Therefore, it is very necessary for the agent to make his first few words get results. They must create an interest and curiosity. We have found that accident policyholders become a good class of buyers of other insurance. If a solicitor can get a man interested in an accident policy he has an opportunity to solicit him for other lines. For instance, we have an agent who was very successful in selling \$1,000 household theft policies. In an anniversary contest he sold 60. I suggested to him that that policy might make a better than accident but he replied that reason he had been so successful is that he had previously sold accident insurance to his theft prospects."

### New Business from Concerns Converting

Many agents now are finding new business in small and medium size concerns formerly in war work. Many had transformed their machinery to manufacture a specialty and were given backing by the government. Now that the government is starting to annul these contracts these institutions are readjusting themselves and returning to the making of their own peace products. This means considerable labor for the time being but excellent progress is being made. Use and occupancy is especially appealing to risks of this character.

## Real Estate Sales Bring Increased Premiums

By reason of the many dwelling sales that are being made throughout the country, fire insurance coverage is being increased on thousands of properties. The matter of insurance calls for attention on the part of the new owner and his mortgagee and the major influence in determining the amount of coverage in the sales price. These days the price is often breath taking and the insurance coverage is adjusted accordingly.

A householder who is not selling may realize that his property has gone up in value, but he may not get around to increasing the amount of his insurance at least in mid-term. However, aggressive agents are able to stimulate householders to do something today about their insurance by quoting to home owners the prices that houses in the neighborhood have commanded. The fact that a house two or three doors away, that had been say in the \$7,000 groove in everyone's estimation for many years, but actually sells for \$12,000 is a more powerful motivating influence to an assured than merely a recital of the increase in real values in general.

A sale of this type provides just about as effective sales ammunition for an agent in that particular neighborhood as would a total loss by fire.

Frequently the new owner not only sharply increases the amount of insurance, but buys extended coverage where it was not in effect previously.

### Questions Self-Insurer Must Consider

Questions involved in determining the soundness of a fire self-insurance plan for a small manufacturer engaged in the production of highly inflammable materials are set forth in the composite answers to a question in the Chartered Property & Casualty Underwriters examination as follows:

1. Does it include a sufficiently large number of units for the law of large numbers to operate effectively?
2. Are the units homogeneous?
3. Does the manufacturer have an organization that is competent to handle the management and operating problems of an insurer, e.g., loss prevention, accounting, legal, and claim activities?
4. Are sums transferred periodically to a reserve fund and are they calculated on an adequate basis?
5. Is the reserve fund kept separate from the general fund and therefore not subject to use in other aspects of the business?
6. Is there a risk of a catastrophe loss? If so, has it been transferred or otherwise adequately met?

### Change in Evansville Setup

Interstate Finance Corp., Evansville, Ind., announces the following important changes:

John T. Rimstidt, general manager of the Interstate Greene & Greene agency, was elected executive vice-president of Interstate Finance Corp. and director of the insurance division. Effective Jan. 1, Arnold V. Cain, former assistant manager, will become manager and Charles Rettinger, formerly field assistant, will become assistant manager.

The Interstate Greene & Greene agency is one of the largest local agencies of its kind in Indiana.

## EDITORIAL COMMENT

### The Future of Organizations

The question is arising among insurance men as to what changes will have to be made in insurance associations due to the S.E.U.A. decision. Insurance is a cooperative business and despite all restrictions and inhibitions there must be a certain amount of cooperation to prevent chaos, waste and extravagance. No one wants ruinous competition. After all, insurance is the backbone of security and financial stability.

Heretofore, most insurance associations have been guided by rules and regulations. It has been the part of the organizations to see to it that members kept their pledges, followed the course laid down and observed what is usually known as "good practices." Undoubtedly this policy has stabilized the business. It has kept it within conservative bounds. While the associations have had this disciplinary function, they have sought to render many other services. The time has come, however, when so-called disciplinary functions will almost all be terminated. Already many of the associations have found their work much lessened. They have naturally had to move along in a cautious way since the new setup has not been decided upon. Associations are anxious to know what they can do and what they cannot. They do not want to take any chances.

There must be some very constructive and forward thinking in dealing with the future of organizations. There is a need for organizations, but they will need to chart other courses than they have followed. There must be more imagination in their work. They must now look forward instead of backward.

One of their great functions, it seems to us, will be to probe more carefully public opinion, watch with a greater degree of care, criticisms and complaints that come from premium payers. Furthermore, within their jurisdiction they should thoroughly modernize their processes, square them with the new requirements and then strike out boldly to establish insurance on a firm foundation,

to seek new markets for insurance, modernize some of the ways of operating that have become more or less obsolete or atrophied. These organizations can do much to enlighten the people in a sensible and simple way as to what insurance does and needs. They can certainly be listening posts for the business at large. They should make new friends for insurance. They should be able to represent the business at large. These organizations should be thoroughly democratic. They should not be dominated by a few companies or a few persons.

In our opinion there are plenty of duties that associations can take on that will be of immense benefit to the business. They need, however, to modernize their machinery and processes thoroughly. They should take a new grip on themselves and ascertain what more they can do for their members and the public.

Associations are inclined to be reactionary. This is due to the fact that the executive staff does not want to take any initiative because of criticism. The members feel that they are under the influence of a number of bosses; therefore, little information comes from the salaried men of organizations. They are ultra cautious in what they say and do. When it comes to a proposed reform there are usually two camps, one in favor of it, one opposed to it because it is an innovation. The result is a compromise. A step forward has been taken when there should have been 10 steps.

The outcome of the present situation may be that the associations will become more energetic and useful in a way that they have not before. That is, they may be used now to see what insurance needs, what the public needs. The associations may adopt a sensible public relations program that works. They may be able to strip so-called public relations ideas of their esoteric qualities and get to the public in a thoroughly businesslike, friendly way.

### Executives and Field Training

In course of conversation, a company executive said it would be an excellent thing if every executive could get into the field from time to time, mingle with agents and the public and thus get a first hand opinion of what is being said about insurance, how the people feel about it, what suggestions they have for improvement and what criticisms they make.

This would do much to humanize insurance. It would bring the companies closer to the people. It would tend to broaden the viewpoint of executives who spend so much time in the office. Perhaps there is no influence so broadening and so conducive to better understanding of the public side of insurance as the visits an executive may make to the field. It would have an excellent

influence on the producers. It would have a still greater influence on the premium payers. Constant affiliation with the office may have a narrowing result.

An executive is confined within four walls and he does not have the opportunity to see people in other walks and talk with them. There is a con-

stant challenge to insurance to extend its service in various ways to the public, to meet public demands more readily and to keep abreast with constant changes that are going on. Office men need the outside touch. They would be greatly benefited by conversation with people remote from their company headquarters.

## PERSONAL SIDE OF THE BUSINESS

The Henry J. Nie agency, Kansas City, has gotten out a handsome brochure, marking its 20th anniversary in business. Open house will be held Dec. 8 from 9 a. m. to 9 p. m. with flowers for the ladies and gifts for the men.

Maj. John H. Davis has returned to Gainesville, Ga., after 2½ years overseas with the eighth air force. He is vice-president and treasurer of the agency headed by Sidney O. Smith, former N.A.I.A. president.

Lt. Comm. Russell Shetley, who is the new chief of the navy insurance section, formerly was associated with Mather & Co. in Philadelphia as well as being an officer of Quaker City Fire & Marine. He first reported to duty in the navy insurance section in 1942 in a civilian capacity. He was commissioned a lieutenant the next year and has continued to serve in the insurance section.

He takes the place of Lt. Comm. S. F. Procopio, who has been released to inactive duty.

Edward J. Devitt has returned to his post as assistant attorney general of Minnesota in charge of insurance matters. He was on leave of absence for 37 months in the navy as a lieutenant.

T. A. Pettigrew, president of Underwriters Adjusting, has gone to his winter home at Miami. He expects to return to Chicago for a few days about every six weeks during the winter season.

Thomas E. Wood, well-known Cincinnati agent, was a member of the reception committee which entertained Lt. Col. J. T. Devereaux, hero of Wake Island, at the recent meeting of the Marine Corps League at Springfield, Ill. Mr. Wood is past national commandant of the league.

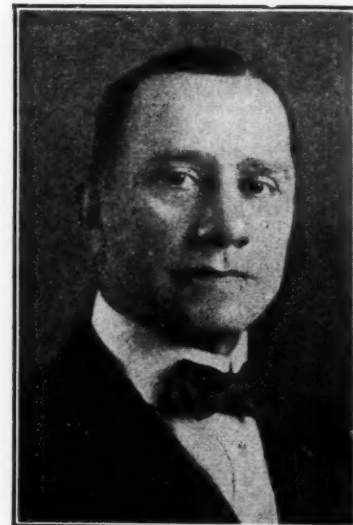
Royal A. Buckman, who retired a year ago after a great many years of service with Royal in the west, is now on an extended automobile trip, trying to duck the cold weather. He has been making his headquarters at Houston but expects to go to Orlando, Fla., next month and return to his home at Wilmette, Ill., in March or April.

## DEATHS

### Lafayette Fire President Dies at Age of 67

John X. Wegmann, president of Lafayette Fire of New Orleans, died during his sleep Sunday night at the age of 67. Mr. Wegmann's entire life in the insurance business had been with Lafayette Fire, first as clerk in 1898, then as secretary the next year and since 1909 he had been president.

He was made a Knight of St. Gregory



JOHN X. WEGMANN

by Pope Pius XI in 1925. He was a director of Whitney National Bank of New Orleans and of Pan-American Life. He had served as president of the Louisiana Rating & Fire Prevention Bureau and of the New Orleans Insurance Exchange. He had also been president of the New Orleans Association of Commerce and he was president of Chinchuba Deaf Mute Institute.

Mr. Wegmann was one of the most prominent Catholic laymen of New Orleans.

Mr. Wegmann is survived by 11 sons, two of whom are in the priesthood and four in the armed services. A son, George J., is vice-president and secretary of Lafayette Fire.

Logan Clarke, 65, long prominent in Atlanta insurance circles and for 25 years president of the Logan Clarke local agency, died after a short illness.

Mrs. Charles C. Hannah of San Francisco, wife of the president of Fireman's Fund, died last week. Mrs. Hannah was a woman of particular charm. She had a buoyant and cordial personality. She was exceedingly popular.

H. C. Ellis, 77, pioneer local agent of Bend, Ore., died there. He was the first insurance agent at Bend, opening his agency in 1905. In 1942 he merged it with Lumbermen's Insurance Agency under the management of Ward H. Coble. He practiced law in Chicago before going to Bend, was for many years U. S. commissioner and served several terms as county judge.

James H. Rowe, who was for many years the head of the Lawler & Rowe



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BOSTON 16, MASS.—344 Park Square Bldg., Tel. Hubbard 8696. Ralph E. Richman, Vice-President.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2704. O. E. Schwartz, W. A. Scanlon, and A. S. Cutler, Associate Managers. L. N. Yellowless, Advertising Manager.

CINCINNATI 2, OHIO—420 E. Fourth St. Tel. Parkway 2140. Abner Thorp, Jr., Vice-President. George C. Roeding, Associate Manager. George E. Wohlgenuth, News Editor.

DALLAS 1, TEXAS — 802 Wilson Bldg., Tel. Central 5833. Fred B. Humphrey, Resident Manager.

DES MOINES 12, IOWA—3333 Grand Ave., Tel. 7-4677. R. J. Chapman, Resident Manager.

DETROIT 26, MICH.—1015 Transportation Bldg., Tel. Randolph 3994. A. J. Edwards, Resident Manager.

MINNEAPOLIS 2, MINN.—503 Northwestern Bank Bldg., Tel. Bridgeport 7838. R. W. Landstrom, Resident Manager.

NEW YORK 7, N. Y.—99 John St., Room 1103, Tel. Beekman 3-3958. Editorial Dept.—R. B. Mitchell, Eastern Editor; Dorothy B. Paul,

Editorial Assistant. Business Dept.—N. V. Paul, Vice-Pres.; J. T. Curtin and W. J. Smyth, Resident Managers.

PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127. Tel. Pennypacker 3706. E. H. Fredrikson, Resident Mgr.

SAN FRANCISCO 4, CAL.—507-8-9 Flatiron Bldg., Tel. EXbrook 3054. F. W. Bland, Pacific Coast Manager. Miss A. V. Bowyer, Pacific Coast Editor.

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agency at Butte, Mont., and was a leading citizen of his state, died from a heart attack at Butte Country Club at the age of 71.

He was for many years a member of the state highway commission and was given credit for much of the development of the Montana highway system. P. J. Driscoll of the Lawler & Rowe agency is a past president and state director of the Montana Association of Insurance Agents.

**Fred T. Moore**, 81, dean of Port Huron, Mich., local agents, died at his home there. A former pioneer banker in that area and one-time mayor of Port Huron, Mr. Moore had been engaged in the insurance business since 1927 when he bought the interest of Harry H. Wright in Wright, Hoyt & Co., of which he was president at his death. A son, J. Grant Moore, secretary-treasurer of Wright, Hoyt & Co., has been the active figure in the agency of late years. He now is a member of the executive committee of the Michigan Association of Insurance Agents.

**Frederick R. Baker**, 78, pioneer Seattle local agent, died there. His business is being continued by his family.

**John R. Hardin**, 85, president of Mutual Benefit Life, who died unexpectedly last Friday, was a director of American of Newark.

**Bernard E. Hobart**, auditor in the western department of Springfield Fire & Marine, died at his home after an illness of several weeks. Funeral services were held Wednesday.

He was born of English parents and received his education in England. He entered the insurance business in 1909 and two years later became associated with Springfield, which he served until 1920. He then went with Joseph Froggatt & Co., as assistant manager of the Chicago office and was later advanced to manager. However, in 1923, he returned to Springfield in the capacity of auditor, continuing in that position to the date of his death.

Mr. Hobart was highly regarded by the company and his associates and was generally recognized as an accountant of rare judgment and ability.

**William T. Johnson**, veteran local agent of Richmond, Va., died there after an illness of several weeks.

For some years he had been president of the Willis, Johnson & Davis Agency. He had been in the local agency business in Richmond continuously for 43 years. He was a past president of the Insurance Exchange there.

**John R. Dumont**, manager of Interstate Underwriters Board and former insurance commissioner of Nebraska, was called from the N.A.I.C. meeting at Grand Rapids to Omaha because of the death of his sister, **Bess I. Dumont**.

**Thomas H. Allen**, 71, local agent of Sharon, Pa., died in Florida.

#### Wins Award for Insurance Work

WASHINGTON—Mrs. Ruth M. Johnson, who has served as secretary to the chief of the War Department contract insurance section was presented at the Pentagon, the department's award for civilian meritorious service. The award was for outstanding work and efficiency in the insurance section. Mrs. Johnson joined the section when Reese Hill headed it. Mrs. Johnson is well known to many insurance industry representatives who have had dealings with the insurance section.

#### Berry Now E.U.A. President

P. J. Berry, Security of New Haven, was elected E.U.A. president Wednesday. Vice-presidents are G. H. Duxbury, North British, and John A. North, Phoenix of Hartford. Treasurer is John C. Evans, Great American.



"POOR WILTON, — REMEMBER HOW HE USED TO USE THE WAR AS HIS ALIBI FOR POOR SERVICE."

#### IN U. S. WAR SERVICE

**Howard E. Gearhart, Jr.**, formerly of Madison, Wis., who was accounting department head for the Hardware Mutuals in California when he entered the navy, has been promoted to lieutenant (j.g.). He has been naval communications officer on Okinawa.

**Capt. Robert Dahme**, artillery officer in the army who has been in the Pacific theater for three years and eight months and in the army for 4½ years, is on terminal leave visiting in Chicago. He is a son-in-law of Kurt Hitke, head of the Kurt Hitke & Co. agency, Chicago. Capt. Dahme was in the 32nd division, Gen. MacArthur's own unit, and saw active combat service from Australia to Japan. His wife, Dolores, last week introduced him to his son, who is three years and one month of age. She and her husband are University of Chicago graduates. A son of Mr. Hitke, **Robert K. Hitke**, is a seaman first class in the navy stationed at Leyte and has been in the service for two years and three months.

**Maj. Robert E. Kommers**, with the legal department of Travelers in Milwaukee before entering service, is on terminal leave with his family at Madison, Wis., after 58 months of army service. He was overseas 18 months, serving in New Caledonia, Hawaii and Saipan, and staff judge advocate at Iwo Jima.

**C. Milton Wesley**, formerly Tulsa special agent for the Garrett general agency of Kansas City, has been promoted to captain in the air transport command and has been assigned to the Cincinnati base after several months at Great Falls, Mont. Being a personal affairs officer, he does not expect to be relieved before next summer.

#### Martineau Before Brokers

Guest speaker at the installation luncheon of the Brooklyn Insurance Brokers Association at the Hotel Granada, Lafayette avenue and Ashland place, Dec. 12, will be Deputy Superintendent **Walter F. Martineau** of the New York insurance department. Supreme Court Justice Ughetta will install the new officers of the group.

#### Invite Oklahoma Insurers to Move to Dallas

The Oklahoma premium tax situation is causing currently much chamber of commerce activity. After the decision was given by an Oklahoma court annulling the provision under which the percentage of tax goes down from 4% as the proportion of assets invested in Oklahoma securities goes up, the Dallas Chamber of Commerce sent out a formal invitation to all insurance companies in Oklahoma to pick up their marbles and move to Texas in which there is a premium tax elevator clause similar to that which has now been knocked out in Oklahoma. Of course, the companies domestic to Oklahoma are the biggest losers by this court decision, as their investments entitle them to the lowest rate of tax. However, it is estimated that foreign insurers in Oklahoma will have to pay \$200,000 additional tax by reason of that decision.

The Tulsa Chamber of Commerce has now gotten out a circular addressed to public officials, legislators and the public in general, calling attention to the fact that Oklahoma exacts the highest premium tax of any state, stating this gives Oklahoma a black eye and calling for a reduction in the rate of tax.

Another development in the Oklahoma tax situation is an opinion of the attorney general that fraternal are subject to the premium levy. However, he admits that this is a likely subject for litigation and he states he will consent to have the state supreme court assume original jurisdiction in a test case.

#### Difference of .1 Cent in Bid Gets Business

NASHVILLE, TENN.—Charles Sykes & Son have been awarded the fire and extended coverage insurance on the city's Berry Field, amounting to \$275,000, with commission of \$2,424, in competition with 30 local agents. Sykes' bid was 75 cents per \$100 for fire and 11.9 cents per \$100 for extended coverage. All the rest bid 75 cents and 12 cents respectively.



YES, here is some really good advice — For those extra sales that bring increased earnings, you can count on the help of Reliable Fire Insurance Company's State Agents.



"IT'S LATER than you think". But it is not too late to investigate the RELIABLE system of increased profits through complete Home Office Cooperation Plan.

#### STATE AND SPECIAL AGENTS

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317 E. Torrence Road  
Columbus, Ohio

**Finnell & Finnell**  
622 Washington Square Bldg.  
Royal Oak, Michigan

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Write for the full story on "Reliable" home office cooperation with local agents . . . Today! Address E. J. Weiss, President, John W. Kramer, Secretary, or C. R. Dobbins, Assistant Secretary, Reliable Fire Insurance Co., Dayton 2, O.

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## FIRE INSURANCE CO.

Dayton, Ohio

An Independent Ohio Company

# EMPLOYERS REINSURANCE CORPORATION

J. B. ROBERTSON—PRESIDENT

**T**HE OFFICERS AND STAFF of *The Employers* extend to you and yours Greetings and Best Wishes for a Happy Holiday Season and a New Year of profitable accomplishment.

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## Auto Commissions at Minimum Level, Spottke Asserts

### Bureau Man Calls Agent's Reward "Hardly Substantial"

In cautious language, A. E. Spottke, head of the automobile department of National Bureau & Casualty Underwriters, indicated a belief that a higher rate of commission on casualty insurance for the individual car can be justified. He was addressing the meeting of the Casualty & Surety Underwriters Association of Kansas City. These were his words:

"In considering the elements comprising the expense loading, it is quite natural that much interest is often displayed in the allowance for acquisition cost, since this takes up the greatest portion of the expense loading. Automobile liability rates, today especially, in contrast with prices in general are very low and the amount of commission dollars produced on the basis of the present allowance for acquisition is, therefore, hardly substantial. In fact, a fair comparison of costs for the average producer with the amount of commission provided by the rate must leave the conviction that for the individual car business, this amount is no more than the minimum.

"It is, therefore, to be hoped that as regulation continues and as additional states enact regulatory laws, an analysis of the expense provision of the rates will be made with due regard for the amount of dollars actually produced by the several elements comprising the expense loading and that these results will be weighed in the light of the actual cost factors of today, for which every sign definitely points upward."

#### Lauds Classification Plan

Earlier in his talk Mr. Spottke made a strong argument for the new automobile classification plan. The results during the several years prior to the war established beyond the possibility of dispute that private passenger automobiles can be classified according to the amount of use, and the results vary in the manner to be expected. Actually, he said, the industry is obligated, from these results, to sell insurance to those who use their cars the least at the lowest rates while charging higher rates for those who obtain greater use of their cars.

The plan is in effect in 43 states and the District of Columbia. It is pending in three states, while two states where it has never been tried have not adopted it, "notwithstanding the mass of evidence in its support in the other states."

#### A-1 Requirements

The various eligibility requirements for class A-1 operate as a check and balance system. In the three years prior to the war the proportion of A-1 cars remained constant. An abuse of the classification would quickly have shown up in a steady increase in the proportion of cars assigned to the class and would have produced experience which the rate could not have met. As a matter of fact, the contrary happened. Even though the class carried the very lowest rates, the loss ratio was the very best of any of the private passenger classes.

When one rate was charged against all private cars in a rating territory, the

(CONTINUED ON PAGE 30)

## Offensive Urged in Meeting State Health Cover Threat

NASHVILLE — Expressing confidence that if the question of compulsory health insurance is fairly presented to the people, all such schemes will be rejected by an overwhelming majority, R. W. Smith, president Unity Mutual Life & Accident, reviewed the trends in compulsory legislation and suggested a program for the industry to adopt at the annual meeting of the Industrial Insurers Conference here. It should be determined to what extent members of the various committees that have been and are now working on compulsory health insurance legislation are insurance men, he said. In addition an attempt should be made to have outstanding insurance men who have had experience in disability coverage and industrial coverage to work with various legislative committees so that these groups may have the benefit of their knowledge, Mr. Smith said.

The agitation towards compulsory insurance is changing the fundamental principles regarding disability coverage, Mr. Smith emphasized. Although considerable progress has been made by the business, there is still a big job to do in making sure that the coverage offered is complete. Specific attention should be given to the elimination of restrictions and limitations that are not absolutely necessary and to remove ambiguities from descriptive advertisements and literature. Study should be made of accident and health policies to grant maximum coverage without restrictions or technicalities.

#### Cites Specific Examples

As an example, Mr. Smith said serious consideration should be given to full compensation on male risks for loss of time for sickness, although nonconfining. A working man's time is not less valuable if he is lost through sickness which is totally disabling, though not confining, than it is when confined to house or hospital. His earning power is lost and as a rule his expense increase about as much. A compulsory health program providing cash benefits will not make this distinction. Therefore Mr. Smith feels, it behooves the companies to consider revision of their contracts as far as they can be revised to provide on a sound basis many of the benefits that the public would expect to receive under the compulsory plans.

#### Favors Family Group

Family group policies should be devised so that dependent members of the wage earner can be covered for disability, hospitalization and medical reimbursements on a limited basis. He also favors publicizing the cost of compulsory insurance as compared to what the cost would be if such insurance were provided by private enterprise. He feels that it is advisable that the Industrial Insurers' Conference appoint a committee for the purpose of studying the economic and financial problems of compulsory insurance so it can advise member companies of what changes will be necessary in the present disability contracts in order to meet the threat and competition of federal or state governments.

In addition to the federal bills over 30 proposals for compulsory health insurance and cash sickness benefits were introduced in 15 different states this year. In the preceding 10 years only 102 such bills were introduced in state legislatures and only one state, Rhode Island, enacted such a measure. Health insurance proposals in California provided the most important single issue to be considered by the legislature of that state in 1945. Governor Warren's program created a great deal of concern and speculation because of his back-

ground of conservatism. Other health bills were proposed but none of them was reported out of committee. Defeat of the bills has given the business a breathing spell and opportunity to take the offensive.

"If we believe that health insurance is a proper responsibility of the individual and of private enterprise, then we must ask ourselves whether we have failed to provide the coverage which would have done the job so completely that state compulsory plans would not have been able to get a foot in the door," Mr. Smith declared. "We must avoid an attitude of complacency and energetically seek sound methods of improvement along these lines."

#### Wish to Replace It

Notwithstanding the record of accomplishment and expansion of voluntary individual and group health insurance, proponents of state compulsory plans are impatient with its gradual development and wish to replace it entirely by state insurance. They will not consider any modification to apply only to shock losses, that is, when prolonged and expensive care is required beyond the ability of the average citizen to pay for it.

An alternative has been suggested that employers be made legally liable for specified hospital and medical service and expenses with respect to health and sickness of their employees. Such a plan would extend the compulsory workmen's compensation insurance which in most states is a private enterprise system. Mr. Smith said he is not advocating this alternative because he has complete confidence in the development of voluntary individual and group health insurance.

State compulsory health insurance is not actually insurance, Mr. Smith asserted. "It is a dole system; a system of collection and disbursement of taxes, and experience tells us that the disbursements by the state in such situations are by no means confined to or even geared to income and reserves."

#### Better Health for All

There is universal agreement that all should strive towards better health for all and towards adequate medical care for all but it is a fallacy to assume that the state can and should provide it, Mr. Smith asserted. The fallacy arises from the assumption that the state is a creature separate and apart from the people and that the state has attributes of wisdom and integrity not found in any individual or group of individuals in the population of which the state is composed. It assumes that the state has inexhaustible financial resources apart from the economic life of the people.

The health insurance problem should be decided by the people themselves on a factual basis. The danger lies not in their decision, but in the very real possibility that the problem will not be submitted to them but will be acted upon by legislators under pressure of organized minorities.

#### A. E. Cleary to Blue Cross

Arthur E. Cleary, actuary Massachusetts insurance department for 7½ years, has resigned to become actuary with the Massachusetts Hospital Service, Inc., better known as Blue Cross. He was graduated from Harvard in 1933 and went with American Mutual Liability in Boston. Later he served with the Compensation Rating Board in New York then returned to Boston to go with Employers Liability, and from there to the insurance department.

## A. & H. Prepared to Meet Problems of Regulation

### Bureau of Personal Accident & Health Underwriters Faces Situation Squarely

By R. B. MITCHELL

R. L. Hills, Great American Indemnity, was elected governing committee chairman.

ATLANTIC CITY—Exhibiting an aggressive and dynamic approach to its problems, the Bureau of Personal Accident & Health Underwriters at its annual meeting here showed itself to be well organized to cope with the complex questions arising from the S.E.-U.A. decision and the consequent regulatory efforts of the states. The questions are particularly complicated for the accident and health business because of the vast variety of policies issued, ranging from those with very circumscribed benefits to full coverage personal A. and H. contracts.



J. F. Follmann

It was the first meeting for the bureau's new manager, J. F. Follmann, Jr., who abundantly bore out the excellent impression he has made by his untiring work with the all-industry committee and in contacting insurance departments since he took office July 15. His report was comprehensive and though necessarily lengthy, it held the audience to the last word and elicited enthusiastic applause. Though plunged into the toughest problems that have faced the insurance business, he has by his demonstrated ability convinced bureau leaders that they made a wise choice.

#### Problem of Regulation

In his report Mr. Follmann said that the problem of regulation of the accident and health industry, particularly with regard to rate regulation, is not a simple matter, nor can analogies easily be drawn with other branches of the insurance industry. The multiplicity of forms, coverages and types of carriers make the commissioners' demands difficult to satisfy. However, Mr. Follmann expressed confidence that "we shall come up with the necessary answers in due time," and though fulfillment of the hope depends, he said, to a great extent on the understanding cooperation of the commissioners.

In view of the constant and diligent work of the accident and health interests to bring about legislation which will provide the necessary degree of regulation desired by the states and yet fulfill the needs of the many types of companies in this field, Mr. Follmann said it was unfair for the commissioners' committee on federal legislation to charge the accident and health business with "complacency." While it may be true in particular instances, he said the accident and health industry as a whole has worked strenuously to bring about the necessary type of legislation.

"To date, because the commissioners have not accepted our proposals, we have met with little in the way of final accomplishment," he said. "That does

(CONTINUED ON PAGE 31)

# Urges Insurers to Enroll Veterans in Training on Job

By BERT A. HEDGES  
Kansas Manager B. M. A.

Why should a veteran forfeit his rights under the G. I. bill in order to enter the insurance business? This question may sound silly when put in such a blunt fashion and yet if we are to follow to their logical conclusion the attitudes expressed by many agency heads and company officials relative to the enrollment of veterans in the "training-on-the-job" program under the G. I. bill of rights any veteran who wishes to enter the insurance business must eventually forfeit his right under that very provision of the law.

It should be known generally that there is one section of the G. I. bill which grants a subsistence allowance of \$50 per month to veterans with no dependents and \$75 for those with dependents while they are employed as apprentices or trainees by an approved employer. This allowance is paid in addition to the normal wages or other compensation paid by the employer while the veteran is learning his trade or is becoming established in his chosen business or profession. It is on exactly the same basis as the allowance is paid to a veteran while enrolled in an approved school or college. Insurance companies or agencies can easily qualify under the law for this "training-on-the-job" program. Comparatively few have made application for such approval. Why not?

## Objections That Are Heard

Well, here are the reasons or excuses which have been put forth by many agency heads and company executives:

(1) The veteran might be enrolled with us under the program for six months to a year, using up that much of his allowable training or education time and then fail. This would tend to create resentment on his part and on the part of the public generally—"bad for public relations."

(2) "We don't need or have any right to ask the government to finance or subsidize our agents. We'll start and train them on our own money."

(3) "We don't want the government telling us what or how to train our agents."

(4) "With such a subsidy our managers and general agents will be tempted to recruit veterans wholesale, irrespective of actual fitness for the business and with a corresponding increase in number of failures and 'more bad public relations.'"

The G. I. bill of rights was conceived to help the veteran help himself become reestablished in normal civilian life, with compensation, so far as possible, for the time we had forced him to give to military service.

For every veteran wishing to finish his class room education, there are perhaps half a dozen who should adopt a less formal training or retraining procedure. Yet, as a beginner, or novice, his employer cannot afford to pay him the wages or salary earned by the man who, for instance, was becoming a skilled man while the veteran was in the service of his country at \$50 or \$75 per month. Perhaps he cannot support his family on such beginners' wages and therefore is obliged to accept a less desirable job in some other line with little or no future but paying higher immediate wages.

The framers of the G. I. bill saw no reason for helping one veteran gain professional training by the scholastic route while denying the other equally worthy veteran the same assistance via the "job-training" route. They therefore wrote into the bill what seems to be the least understood but, in the opinion of many of us who have studied the problem, the most valuable part of the whole act.

It is provided that any reputable in-

dividual or firm employing any type of people for hire and having adequate facilities for training or "coaching" them to become skilled in their fields may be approved as competent "training institution" for veterans within the meaning of the act. The whole idea is so simple that it requires but a single paragraph to be stated. Perhaps its very shortness has caused it to be lost in many paragraphs comprising the entire bill.

## Applies to Home State Board

The employer wishing to enroll one or more veterans for training under the act, makes application to his home state board as designated by the governor for approval as a qualified training agency. Most state boards require only a brief outline of his proposed training program, together with a statement of normal wages paid (1) to beginners and (2) to established or skilled men in the job or field for which the veteran wishes to be trained.

The standard practice in most states thus far is for the board or committee to approve all reputable employees upon application and for the veterans' administration in turn to register as duly qualified all employers recommended by the state board. There is no fee for such certification.

The employer then seeks and employs the veteran or veterans of his choice in the same manner as he would contact any other person. On the other hand, the veteran may contact the employer of his choice through personal knowledge, an employment agency, etc. His nearest employment agency, veterans' administration office or his own state board will usually give him the list of employers approved for training in his chosen field. Often, the veteran-employer contact is made before the employer has known or thought about the mutual benefits obtainable under the act and the two work out the necessary qualifying steps together.

In order to qualify for receiving subsistence, the veteran proceeds in exactly the same manner as that followed by a veteran enrolling in a college under the act. That is, he submits his application for training on the prescribed form (No. 190) to the nearest veterans' administration with certified copy of discharge. Upon receipt of approval certificate he completes same, naming the firm which is employing him for "training-on-the-job" and if firm is approved, the veterans' administration automatically approves his subsistence allowance. Checks will be paid to him monthly thereafter for his allowable time so long as he remains in training. The employer makes a very simple report on a one-page sheet mailed to him monthly by the veterans' administration and showing merely that the veteran is still on the job, what wages are paid and any other appropriate comments on the veterans' progress, absences, etc.

## Example Is Set Forth

Example: An office supply house hires a married veteran to be trained as a salesman at a beginning salary of \$125 per month. This is the normal beginning salary paid by this firm for inexperienced men, veterans or non-veterans. His experienced salesmen average \$250 per month. The veteran will, therefore, receive as subsistence allowance the difference between \$125 per month and \$250 up to the maximum allowable or \$75. In other words, the veterans' total income is \$200 a month. In six months, according to his standard practice, let us suppose the employer offers a small commission in addition to his salary and this increases the veterans' total income received from employer to \$180. The maximum subsistence allowance of \$75 would total \$255. It will be recalled that the ex-

## M. E. Sprague to High Post with Home Indemnity

Home Indemnity has elected Mortimer E. Sprague as vice-president and secretary. He is also a vice-president and secretary of Home and all other companies in the Home fleet. He was released from active duty with the army Oct. 15.

Mr. Sprague was graduated from University of Texas in 1925. He graduated from West Point in 1929.

Prior to his connection with Home, his business affiliations included posts with Grinnell Sprinkler Co. and New York Fire Insurance Exchange. In 1930 he joined Home as a special agent. He became assistant manager of the service department in 1932 and was appointed assistant secretary in 1935, and secretary in 1937. Two years later he became vice-president.

perienced salesman receives only an average of \$250 per month. Therefore the veteran's subsistence payment would be reduced to \$70 and so on. When the veteran's income received from his employer reaches the average paid to skilled men by this firm, the subsistence allowance ceases, as it should. Of course, the subsistence allowance would cease in any event when the veteran's total education or training time earned by military service has expired.

While exercising no direct control over the employer in his training program, the veterans' administration does have authority to remove any firm from the approved list if it does not conduct a fair training program. Likewise, a veteran may lose his right to receive subsistence allowance if he doesn't carry his end of the job.

Life insurance selling is peculiarly suited to this type of training. For are not practically all life insurance agents "trained on the job" with a minimum of class room instruction? Isn't life insurance a business or profession requiring from one to five years in which to become established as successful life underwriters? Haven't we written and spoken thousands of words on "proper selection," "sound supervision," "coaching in the field," "permanence," etc.?

Surely, if there was ever an occupation made to order to qualify under this "Training-on-the-job" phase of the G. I. bill of rights it is that of life insurance salesmanship (and all other forms of insurance for that matter).

And yet we have found either indifference or actual opposition to this veterans' program as applied to life insurance. Perhaps I should say that many company officials have taken the stand that "We won't say 'no' because we don't want to get in bad with the veterans and their friends. But we certainly won't say 'yes' or encourage our agency heads to participate in it."

Let's look at those implied or stated objections set forth at the beginning of this article.

## ANSWERS OBJECTIONS

Veterans might fail. Does anyone know of any firm, institution or individual who will guarantee that any veteran or any one else will become a permanent success or a permanent employee as a meat-cutter, a doctor, a plumber, or a mechanic after completing any and all specified courses of training or study? Should we of the life insurance business have any less courage or any less confidence in our business, our training methods, and our supervision than those of any other business? Are we saying now that all we have said and written during half a century about the opportunities of life underwriting was just "window dressing"—that we know our system is rotten and ineffective? Or are we just lacking in what these veterans had on Iwo Jima and Okinawa and in the Belgian Bulge?

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## A. & H. Congresses Held in Southwest

The first of a series of three accident and health sales congresses in southwestern cities was held in San Antonio, with O. D. Harlan, president of the San Antonio Association of Accident & Health Underwriters, presiding. Bert A. Hedges, Wichita, Kansas manager of Business Men's Assurance, spoke on "When You Say—Good Morning, Mr. Prospect." He developed the importance of the approach, which gives the prospect a pleasing impression of the salesman as to manner, voice, and his personal appearance. He stressed the importance of a prosperous appearance if the salesman expects to sell the better type of policy which appeals to successful business and professional men. The salesman's manner must breathe confidence and his personal appearance indicate success. He said successful men like to deal with successful salesmen and question what the man of cheap appearance says.

E. H. Mueller, managing director, secretary and treasurer of the National Association of Accident & Health Underwriters, speaking on "The Horse and Buggy Days," referred to the time when all a man had to do to become either a licensed practitioner of medicine or an attorney was to read a few books. He asked who had strengthened the qualifications required for a doctor or a lawyer, then emphasized the fact that truly professional men in the groups concerned had through organized effort of those who had a truly professional training eliminated the unfit by raising the standards.

Mr. Mueller said that if accident and health salesmen are to win recognition as rendering a truly professional service, the standards for licensing must be raised. He stressed that the prestige in accident and health men can be strengthened through a better trained field force and the elimination of the unfit, to bring about a truly professional service.

"Sales Ideas That Have Made Money for Me" was the theme of Robert J. Costigan, B. M. A., Kansas City, National association president. He cited the various objections which are common with prospects and demonstrated in detail how to meet them.

The same speakers also appeared at congresses in Dallas the following day and Oklahoma City Dec. 10.

## Oklahoma Congress Speakers

Several other speakers also appeared at the Oklahoma City congress. Malcolm C. White, Pacific Mutual Life, in summing up the purpose of the congress said that it was the development and expansion of the individual agents attending. Everything that King Midas touched turned into gold, but he said accident and health insurance does even more—it turns everything it touches into a well of gold.

Travis T. Wallace, Great American Reserve, Dallas, speaking on "Shooting the Moon," stressed the determination to achieve a definite goal, always striving for higher and higher achievement.

Frank R. Philpott, Columbian National Life, St. Louis, brought in the idea of free dollars to defray accident and illness expenses, declaring that insurance is the only tax free money a man can receive today. The strain on income is made heavier by the current tax situation, which permits a man to keep for himself only 69 cents out of every dollar he earns.

Stewart Harrel, director of the school of journalism and of press relations at the University of Oklahoma, emphasized the psychological force of the positive vs. the negative in selling and claim work. The importance of keeping proper records was stressed by Emerson Davis, Texas manager of Inter-Ocean Casualty and president of the Dallas association.

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## Roeber Reports High-Low Plan Continues to Gain

### National Council Manager Traces Steady Growth of Retrospective

The fact that retrospective rating continues to increase in popularity is indicated in the annual report of W. F. Roeber, general manager of the National Council on Compensation Insurance. For instance, in 1944 1,077 risks that have operations in one or more states under the jurisdiction of the National Council elected retrospective rating. This compared with 783 risks in 1943 and 510 in 1942.

This big increase comes on top of the fact that 200 Michigan risks formerly handled by the New York office are now handled by the Michigan Workmen's Compensation Rating Bureau.

For 1943 the number of National Council promulgations was 477, the standard premium was \$12,179,853 and the retrospective premium was \$10,100,311.

#### Assigned Risk Program

The number of promulgations for policy years 1937-44 with only a limited portion of the latter year available was 2,334, the standard premium being \$57,806,024 and the retrospective premium \$45,591,788.

In calendar year 1944, 11.6% of the risks were written on the basis of the 1936 plan, 50.6% under plan A, 32.1% under plan B and 5.7% on the basis of plan C.

Mr. Roeber offered some comment and statistics on the assigned risk program. The aggregate experience on some 1,979 risks previously assigned by the National Council under the several voluntary plans shows a total earned premium of \$1,191,715 and incurred losses of \$740,970. The loss ratio was thus 62.2.

#### Problem of Rating Laws

Mr. Roeber reported on the new casualty and surety rating laws and what the National Council has done to accommodate its operations to the new requirements. He touched on the developments in the matter of casualty insurance expense exhibit and said that to date the insurers had been notified by the supervising authorities of Kentucky, Michigan, North Carolina, Texas, Virginia and Wisconsin that the filing of this exhibit will be required beginning with the reporting of calendar year 1945 experience to be filed not later than May 15, 1946.

Nothing has ever come of the proposal that was agitated to inject a wage factor into the compensation rating structure, Mr. Roeber reported.

#### Benefit Increases Numerous

During the 1945 legislative season high wages, rising price levels and increase in cost of living had an important influence on the liberalization of the benefit provision of many compensation acts. The most common change was in the maximum weekly limit to compensation. There was also a tendency toward enactment of O. D. legislation and toward establishment of provisions for second injury cases.

In Minnesota and Utah requested increases in rates to offset the increase in benefits were disapproved. In California the matter is under consideration but in the remaining states provision in the rates has been made to offset the estimated increased costs.

## Pink Offers N. Y. State Health Plan

### Extension of Compensation Idea Suggested as Possible Alternative

NEW YORK—A health plan for the state of New York to be administered locally through cooperative efforts among state, municipal and voluntary agencies was advanced by Louis H. Pink, president of Associated Hospital Service and former New York insurance superintendent, at a meeting here of the New York joint legislative committee on industrial and labor conditions.

While advocating the voluntary solution of the problems of health care, Mr. Pink also set forth a supplementary plan which would require employers to provide for medical and hospital care through insurance organizations as under the state compensation law a somewhat similar plan has been proposed in New Hampshire. Mr. Pink's proposals are contained in a study which is being submitted to the state commission on medical care.

#### Based on Al Smith Plan

The voluntary health plan, which is based on the health center bill sponsored by the late Governor Alfred E. Smith and introduced in the legislature in 1920, would necessitate an amendment to the state public health law to provide for a state health commission composed of the commissioner of health, commissioner of mental hygiene, commissioner of social welfare and five citizens, including at least two physicians, to be appointed by the governor.

The suggested powers and obligations of the commission were outlined by Mr. Pink in a 15-point program which calls for the establishment and maintenance of regional health centers throughout the state to be financed jointly by grants-in-aid from the federal government, state and local governments, and civic and voluntary agencies.

Mr. Pink said his proposed health center plan provides the groundwork for the extension of medical care without regimentation. He believes both labor and industry are profiting by the growing tendency of employers to provide health services for their workers and to contribute part or all of the costs.

#### May Head Off Compulsion

"If broad provision is made for an extension of preventive medicine," he said, "and medical and hospital care of high quality is available to people in all walks of life, much less will be heard from the advocates of state medicine or compulsion in any form."

"A plan providing health centers and all necessary medical care in communities where they are needed, coupled with the growth of voluntary hospital and medical plans and insurance protection, would be so effective that compulsion might cease to be an important public issue. Interest would be centered in coordinating all public and voluntary health agencies in a united effort for the greatest good of the community."

If some form of compulsion should be necessary as a supplement to his health center plan, he suggested that a law similar to the compensation law for protection against industrial accidents should be enacted to include hospital and medical care for the employee and his family. This could be done, he said, without disturbing existing pattern of medicine, voluntary effort and local control.

#### Proposed Division of Cost

Under the proposed legislation employers would be required to divide the cost of medical protection with the state for employees with family incomes under \$2,100, and to divide the cost with employees where the family income is under \$3,500. Members of families with

## Crime Wave Not Causing Poor Burglary Experience

The crime wave which has appeared in several cities, especially on the west coast, has had little effect on the burglary line and cannot be deemed responsible for the high loss ratio on the residence burglary policy, according to men in that field.

Thus far thieves are more interested in obtaining cash or easily marketable goods direct from retail or wholesale stores rather than homes. Company men say that losses today under burglary policies are in proportion to the normal ratio and the bad experience in the residence line is due to the broadening of the policy and inclusion of the mysterious disappearance clause.

That rates on the residence policy will have to be raised in the near future is almost a certainty and many company men advise that it be put on a deductible basis.

#### Watch Three Cities

Three cities, Los Angeles, San Francisco and Detroit, are reported to be suffering the type of crime that might raise losses under the residence policy. This crime wave is due to large numbers of displaced idle workers who have been laid off since V-J Day. Unorganized crime such as is occurring in these cities can very well lead to a large number of house-breakings and thefts of personal property.

In recent months the FBI has repeatedly sent out notices concerning the so-called crime wave which is threatening to become nationwide in the near future. Company men say that so far it does not represent an abnormal condition as the situation during the war was very good.

However, the companies are preparing themselves for expected heavy increases in the burglary line, spotty indications of which have become apparent.

## Claims Bureau Men Confer

The special agents who manage the field offices of the Claims Bureau of Association of Casualty & Surety Executives held a five-day conference in New York with Wayne Merrick, bureau manager, presiding.

Plans were formulated to bring about closer cooperation between the field men and medical societies, bar associations, industrial commissioners and other officials.

Ray Caverly, vice-president Fidelity & Casualty and chairman of the bureau advisory committee, addressed the conference on the handling of workmen's compensation and outlined plans to accelerate the payment of claims.

The agents attending the conference were Felix O. Cox, Atlanta; Floyd E. Chalkley, Chicago; Joseph H. Bishop, Jr., Cleveland; Charles Griffen, Los Angeles; Charles F. Holmans and Robert D. Penn, Dallas; Lester A. Strobel, St. Louis, and Robert W. Dick, New York.

combined earnings of more than \$3,500 would be expected to make their own arrangements for protection against medical costs.

"Some extremists," he said, "will undoubtedly object to the extension of the compensation machinery because it does not take in self-employed, domestics, farmers, and others. But this is true even of social security, which is compulsory and which is supported by a tax upon employers and employees."

Mr. Pink pointed out that little new machinery would be required if the compensation law he suggested is to be extended to non-industrial illness.

He added that in all likelihood no compulsory plan would prove necessary if the proposed health center plan were functioning efficiently throughout the state and all of the forces in the community were united to offer improved hospital and medical care to all, regardless of financial status.

## Towner Rating Bureau Draws N. Y. Examiner's Fire

### Examination Report Includes Broad as Well as Detailed Criticisms

NEW YORK—Rating methods of the Towner Rating Bureau come in for some broad and detailed criticism in the examination report made by Harry A. Kahn, senior examiner of the New York department's rating bureau.

In addition to alleged flaws in the rate-making system, the absence of specific definitions of coverage makes possible the inequitable treatment of risks even though the rates may be observed and "permits unfair discrimination between assureds even though the rates may be observed," according to Mr. Kahn. The report contains 110 double-spaced typewritten pages plus statistical exhibits and a letter from President Martin W. Lewis of the Towner Bureau objecting to certain statements in the report. This report is part I of a three-part examination. Part II, dealing with public official bonds, was issued some months ago.

In his conclusion Mr. Kahn states that "the rates promulgated by the bureau, except in some parts of the manual, are in many respects unrelated to experience. The rating structure is complex and does not follow a well-defined pattern. Its inconsistencies are numerous." After pointing out that the fidelity and surety business is a large and "fully matured" one Mr. Kahn says that this calls for a "scientific approach in the making of rates."

#### Lacks Some Rating Functions

Much of Mr. Kahn's criticism stems from the fact that the Surety Association of America, which is the sole owner of the Towner Rating Bureau, performs many of the functions which are definitely rating functions and which the report contends should be exercised only through an official rating organization. The Towner Bureau, Mr. Kahn points out, cannot operate fully as a rating organization unless it establishes definitions of coverage and assumes jurisdiction over policy forms, since the extent of coverage and the policy conditions are a component part of the rate.

The examiner criticizes member companies for being unwilling to assume the responsibility of making rates by failing to participate in the rate making procedure through qualified committees. He urges that members of the bureau take an active part in rate-making activities through representative committees.

#### Some of Specific Criticisms

Mr. Kahn recalls that when the incorporation of the bureau was in contemplation the insurance superintendent wrote to R. H. Towner on May 5, 1937, strongly expressing the view that any contemplated reorganization should embrace the principle of effective subscribership responsibility. Since then the department has sought to have the bureau effect a change in its methods, says Mr. Kahn in his report, but no action has thus far been taken and "so far as we are able to ascertain no changes are contemplated."

Some of the specific criticisms in the fidelity section of the report are the following:

Industrial banking institutions, such as Morris Plan banks, are entitled to a discount of 25% on their bankers blanket bonds. "There is no statistical justification

(CONTINUED ON PAGE 26)

## ACCIDENT AND HEALTH

### Michigan Outlaws Wholesale or Franchise A. & H.

LANSING, MICH.—The Michigan department has outlawed the writing of so-called wholesale or franchise health and accident or hospitalization insurance on and after Jan. 1, 1946. The ruling notes that "there is no provision in the Michigan insurance code for the writing of wholesale or franchise health and/or accident or hospitalization insurance," and bars all plans which do not comply with the Michigan law governing the issuance of group accident and health insurance.

The difference seems to be primarily one of procedure. Individual policies cannot be issued, as the Michigan law requires a master contract and certificates to individuals. It allows groups as low as five and association or governmental groups, so that it apparently would be possible to convert most of the business now written on the franchise

or wholesale plan to regular groups under the Michigan law. It would not be possible to write much of this business at regular group rates, but it is believed that it would be possible to file different rates for the smaller groups.

It is understood that efforts will be made by the companies affected to arrange for further hearings or conferences on the new ruling. At informal hearings previously held, great stress was laid by the department on the alleged failure of carriers writing the wholesale forms to grant a nine months' extension for maternity benefits, to make up for the exclusion of that period when the policies were placed in force. This point was brought up when war contracts were canceled and many women war workers were laid off.

#### Hits Discrimination

The commissioner has contended, also, that there was an element of discrimination in the writing of wholesale contracts, since they were written without regard for group restrictions, and insured buying policies providing the same benefits might pay materially divergent premiums for the same coverage, al-

though working in similar occupations in adjacent buildings.

### Cashman Returns to Federal Life in A. & H. Post

Henry L. Cashman, who has been performing military government duties on Okinawa, has now returned to Federal Life and has been elected an assistant secretary. He will have charge of the accident and health underwriting department.

Mr. Cashman started with the old Bankers Accident of Des Moines in 1921. When that company was reinsured by Federal Life in 1924 he remained with Federal.

He entered the navy in 1942.

### County Program in St. Paul

ST. PAUL—Through a joint arrangement with three St. Paul carriers, all employees of Ramsey county (St. Paul) are offered an opportunity to secure life, health, accident and hospital insurance. The county board has approved a master policy with a payroll deduction plan.

The three companies in the arrangement are Minnesota Mutual Life, St. Paul-Mercury Indemnity and Minnesota Hospital Service Association. A similar

insurance program is now in effect for city employees of St. Paul.

### Vulcan Life & Accident Launched in Birmingham

BIRMINGHAM, ALA.—A new company, Vulcan Life & Accident, has opened for business here, with Andrew J. Lewis as president. The company, which has authorized stock of \$250,000, plans to begin selling industrial insurance, including hospitalization, immediately, and to include life, health and accident insurance early next year.

Mr. Lewis has had 15 years' experience in life insurance as agent, general agent, supervisor, assistant state manager for North Carolina, manager for Alabama and recently as branch manager for Alabama, Mississippi and part of Tennessee for Shenandoah Life. He is a graduate of Wake Forest College and the Sales Research Bureau management school.

Vice-president of the new company will be Charles D. Wood, who has been unit manager under Mr. Lewis, and secretary-treasurer William W. May, who was with the Alabama state highway department for 6½ years.

### Plan Los Angeles Course

LOS ANGELES—Details of the proposed course on accident and health insurance to be conducted by the University of California extension division in Los Angeles, were discussed at the meeting of the committee of the Accident & Health Managers Club of Los Angeles, of which Wm. E. Leiby, state manager Massachusetts Indemnity, is chairman. The course will be similar to the Purdue University program.

### Twin City Election Dec. 17

The Christmas party of the Twin City Accident & Health Club is set for Dec. 17 in Minneapolis. This will also be the annual meeting and election of officers.

### Entertain Milwaukee Children

MILWAUKEE—The Accident & Health Underwriters of Milwaukee at their luncheon meeting this week made plans for the Christmas party Dec. 22, when they again will be hosts to the youngsters of the Milwaukee County Children's Home, an activity which has brought much commendation in former years. A committee of 25 members of the Insurance Women of Milwaukee will cooperate in caring for the children, who will be brought downtown from the home.

## COMPENSATION

### Reorganizing Cal. Setup Speeds Up Procedure

SAN FRANCISCO—Reorganization of the California industrial accident commission, with enlarged personnel of appointed commissioners and its separation from the state compensation fund, will expedite cases, according to Paul Scharrenburg, who becomes administrative director of the department of industrial relations and its several divisions.

Formerly petitions for rehearings went to two "rehearing referees" who made recommendations as to whether they should be granted or denied. Under the new plan a petition goes to the trial referee for written comments and then before a panel of commissioners. The two rehearing referees are hearing cases, which also speeds up that procedure. Object of the reorganization was to streamline operations and eliminate delays.

### Minn. Rates Under Advisement

ST. PAUL—After a lengthy hearing Monday at which there was some opposition to the proposed increase, the Minnesota compensation insurance board took under advisement the pro-

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posals of the rating bureau for an overall increase of 4.8% in rates for 1946. Representatives of several employer groups attended the hearing and registered their views.

## CHANGES

### Waidner-Zweig Named by United National Indemnity

The Waidner-Zweig agency of Chicago has been appointed general agent by United National Indemnity. This metropolitan supervising agency was organized about 50 years ago by Benjamin Zweig and the late L. H. Waidner.

Benjamin Zweig is the senior partner and associated as members of the firm are John T. Waidner, a nephew of L. H. Waidner, and L. C. Thoelecke. Arthur Juhl is office manager. Waidner-Zweig represents National of Hartford as supervising agent.

### E. E. Sawyer Resigns

E. E. Sawyer, general claims attorney of Associated Indemnity in San Francisco, with the company since 1930, has

resigned. Practically all his duties have been transferred to the home office of the American-Associated companies at St. Louis.

### W. H. McRae Special Agent for American Indemnity

William H. McRae has been appointed special agent in Alabama and Georgia for American Indemnity.

Mr. McRae has had considerable experience in fire and casualty business. After several years in local agency work, he became associated in 1931 with the old Fidelity Union Casualty of Dallas which was later absorbed by the Loyalty group with which he was associated for over eight years. During the past three years, Mr. McRae has been in the service.

### American Casualty Has Three Philadelphia Changes

American Casualty of Reading has appointed James W. Hughes manager of the claim department, S. Wayne Schuler manager of the fidelity and surety department, and George P. Mosely manager of the burglary and plate

glass department in the Pittsburgh office.

Mr. Hughes was formerly claim manager of the Baltimore office.

Mr. Schuler has been manager of the fidelity and surety department in Reading.

Mr. Mosely has had experience in branch office, home office and agency work.

### Vogt to Open St. Louis Agency

Henry T. Vogt, resident manager of Maryland Casualty, in St. Louis, under Hobart A. Martin, resident vice-president, for 3½ years and with the company about 23 years, will open his own agency in the Pierce building about Jan. 15 in association with his son, Henry T. Vogt, Jr., recently discharged army air force fighter pilot.

He served as an adjuster, special agent, agency supervisor and assistant bond manager before becoming resident manager.

The son is just entering the insurance business.

### Sheldon Succeeds Moore

Willis Sheldon has been assigned by Ohio Casualty from the Cleveland branch in charge of downstate Illinois

underwriting with office in the Chicago branch. He succeeds there R. N. Moore, resigned.

Mr. Sheldon has been an underwriter in Cleveland. He previously for 12 years was in the insurance business at Chicago, having been connected with the Travelers branch as counterman and then with Fred S. James & Co. as assistant casualty manager. Before joining Travelers for five years he was connected with another company in Chicago and he was with Ohio Casualty 4½ years at Cleveland.

### Potts Resumes Seattle Post

Glen Potts has resumed his old position as state agent of St. Paul-Mercury Indemnity at Seattle after three years in the army.

### Buck St. Louis Assistant

Leonard A. Buck, recently returned from service, has been appointed assistant manager of New Amsterdam Casualty in St. Louis. Kenneth Lumley, who had charge of St. Louis production while Mr. Buck was in service, now takes over production for the state.

### Pulver Resumes Albany Post

O. C. Pulver, Jr., has been released from service and reappointed casualty field assistant in Travelers Albany branch.

He was with the 346th engineers in England and France.

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## SURETY

### Hartford A. & I. Merges Bond Departments

William H. Wallace, vice-president of Hartford Accident, announces that the contract and judicial bond department and the public official and license bond department have been consolidated and will be known hereafter as surety department.

The bonding business will, therefore, be conducted in two departments, the fidelity department, which continues without change under the supervision of Assistant Secretary Ray H. Dexter; and the newly formed surety department under the direction of Assistant Secretaries C. M. O'Dowd and D. C. Mackinnon. Messrs. O'Dowd and Mackinnon will have coextensive authority.

Albon V. McGregor has been appointed superintendent of the surety department, and Paul C. Leining has been appointed associate superintendent. Matters concerning judicial and contract bonds will be under the management of Mr. McGregor, and those concerned with public official business will be within the province of Mr. Leining, who will, in addition, extend his experience to promotional work for the department in the field.

### Reviews Sureties Rights Under Mass. Statutes

Rights of the surety as opposed to the rights of a contractor's assignee or trustee in bankruptcy in Massachusetts were reviewed by F. E. Pausch, manager bonding claim department of Maryland Casualty, before the Boston Surety Association.

Some of the federal cases construing the Heard and Miller acts were briefly reviewed and compared with the cases arising under the Massachusetts statutes. It was pointed out that under federal laws sureties rely chiefly upon the rights of equitable lien and upon the right of subrogation to the rights of the owner and to the rights of the laborers and materialmen in seeking a prior right to contract price to that of the contractor's assignee or his trustee in bankruptcy. In Massachusetts sureties have been awarded the contract price ahead



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of assignees upon the basis of the prior assignment held by the surety contained in the application for the bond. The rights of the assignee first in point of time, are prior to the rights of a subsequent assignee first in time of notice.

It was suggested that it would be advisable for sureties, where seeking a prior right to contract price, to assert the right of equitable lien and the right of subrogation in the alternative in addition to those rights conferred by the assignment in the application, particularly when seeking contract price in excess of the retained percentage.

The effect of the 1945 amendment entitled "An Act Relative to Assignments of Accounts Receivable" was considered and the general conclusion was reached that the rights of sureties to contract price are not adversely affected by that amendment. The purpose of the amendment was to cause an assignment to become vulnerable as performance under the federal bankruptcy act as amended by the Chandler act of 1938.

### Discuss Tax Situation

LOS ANGELES—The Surety Underwriters Association of Southern California discussed the question of its constitution in view of the Internal Revenue Bureau's recent actions and also the model constitution which is expected to be ready for promulgation shortly. The underlying excess on blanket fidelity bonds also came up for discussion.

The standard form to meet the requirements of the new Los Angeles automobile parking lot permits bond was discussed. Los Angeles will accept annual bid bonds, it was announced.

Public relations and cooperation with architects and contractors were referred to the committee on public relations.

### Cal. Highway Bids Opened

Peter Kewitt Sons Co. were low bidders when the California state highway department opened bids for 1.6 miles of roads and streets in Los Angeles city and county, with a figure of \$1,333,066. Should the firm be awarded the contract, the bond will be executed by Aetna Casualty through its Omaha office.

### Minn. Surety Christmas Party

The Christmas party of the Surety Association of Minnesota is being held Dec. 13 at Minneapolis. It will begin with a luncheon and continue through the afternoon.

## ASSOCIATIONS

### Howard Heads Chicago Group

Harvey H. Howard of Preferred Accident's midwestern division claim department in Chicago is the new president of the Casualty Adjusters Association of that city elected at the annual meeting. Herbert L. Bloom of Lumbermen's Mutual Casualty is vice-president and R. T. Luce, Casualty Mutual, is secretary-treasurer. Mr. Bloom was program chairman for the annual party for industrial surgeons, members of the industrial commission and claim lawyers held last week, assisted by Mr. Luce.

### Speak on Auto Rating Problems

Charles S. Warren, secretary Massachusetts Automobile Rating & Inspection Bureau, and Lawrence W. Scammon, actuary of the bureau, were speakers at the December meeting of the Association of Casualty Underwriters of Boston. They explained how the job of setting automobile rates for 1946 has become more complicated because of gas rationing ending, cars becoming worn out and new legal requirements.

### Hughes Wins Award

LOS ANGELES—Stanley E. Hughes, auditor Pacific Indemnity, won the essay contest conducted by the

southern California chapter of the California Insurance Auditors Association, and was awarded a \$50 victory bond at the annual dinner. George L. Douglas, supervising auditor Travelers, Los Angeles, and Joseph B. Charles, auditor Lumberman's Mutual Casualty, Los Angeles, tied for second place and each was awarded a \$25 bond.

Perhaps the auditor's most important responsibility is in fostering the confidence of the insured, Mr. Hughes pointed out in his essay. "This confidence establishes the auditor as capable of making a fair and impartial adjustment of the contract between the insured and the company. It will enable the auditor better to perform his task knowing full well that he is getting a true picture of the risk involved and with the full cooperation of his insured."

### Hold Combined Yuletide Party

The Casualty Underwriters Association of New Jersey and the Surety Underwriters Association of New Jersey will hold a combined Yuletide party in Newark, Dec. 14. Harry Vernoy, Loyalty group, will be toastmaster.

### San Francisco Claim Men Elect

E. F. Kraemer, Maryland Casualty, has been elected president of the Casualty & Surety Claims Association of San Francisco. Gordon Snow, Hardware Mutual Casualty, is vice-president and Marcel Gunther, Glens Falls Indemnity, secretary.

### Wheaton Des Moines Speaker

Lt. Jack Wheaton, former Iowa special agent of New Amsterdam Casualty, spoke before the Des Moines Casualty & Surety Club, describing his experiences in South Africa, Italy and France. He is still in service.

The club will not hold a Christmas party this year and will dispense with its usual meeting Christmas week. The next meeting will be Jan. 14.

A large group of adjusters and attorneys attended the fall party of the Detroit Adjusters Association. W. J. Jones, Aetna Casualty, presided.

Capt. Ed. Newell of the Chicago fire department is addressing the meeting of the Casualty Engineers Association of Chicago, Friday evening on various phases of industrial fires.

## PERSONALS

C. A. Sholl, president Globe Casualty, and chairman of the executive board of the National Association of Accident & Health Underwriters, is now a grandfather.

Casualty insurance as a business which typifies the American way of enterprise was the subject of a talk by J. Dewey Dorsett, general manager Association of Casualty & Surety Executives, before the Hendersonville, N. C., Chamber of Commerce.

The late L. Edmund Zacher, former president of Travelers, left an estate valued at \$753,348. It included 530 shares of Travelers, appraised at \$307,400. The other large holdings were in banks and manufacturing concerns, most of them in Hartford.

Miss Dorothy Jane Guthunz and Lt. (j.g.) John W. Lauer were married at the home of the bride's parents, Mr. and Mrs. Henry Guthunz, Jr., in St. Paul. Mr. Guthunz is executive vice-president of Anchor Casualty.

A number of insurance people took a hand in the arrangements for the testimonial dinner in New York Wednesday evening for Mary Donlon, chairman of the New York state workmen's compensation board. General chairman of the dinner committee was Henry D. Sayer, general manager of the Compensation Insurance Rating Board, and among the honorary chairmen were J. Dewey Dorsett, general

manager, Association of Casualty & Surety Executives, and John L. Train, president of Utica Mutual.

Irvin S. Markel, vice-president of American Fidelity & Casualty, is state chairman in Virginia of a campaign to raise funds for the Elizabeth Kenny Institute in Minneapolis.

Chauncey B. Manee, contract bond underwriter at the head office of Fidelity & Casualty since 1906, died at Veterans Administration Hospital base No. 81, Bronx, N. Y.

## COMPANIES

### Reorganize Shawnee Mutual as Auto, Hospital Insurer

Shawnee Mutual, which was organized in 1935 to write financed automobile business but has been inactive for the past several years, has now been reorganized as a casualty company writing automobile and hospitalization insurance. It is located at 8 East Long street, Columbus. The president is D. L. McDevitt. Kenneth J. Gibney, who has been in the casualty field in Ohio, is secretary-manager. Shawnee Mutual will operate through local agents.

Mr. Gibney has been underwriting manager of Republic Mutual of Columbus.

### Standard Mutual Casualty Report

Standard Mutual Casualty of Springfield as at Dec. 31, 1944, had assets \$429,046, guaranty fund \$85,950 and surplus to policyholders \$211,702 according to report of an examination by the Illinois department. Frank Roberts, secretary-treasurer, is the principal operating officer.

The examiners criticized the fact that merit rating credit of 10% was paid to some assured that had no claims during the preceding 12 months but was not granted uniformly to all risks. The company has 165 agents and brokers and the maximum commission allowance is 32½%. Premiums written during 1944 totaled \$163,371, losses paid \$51,997.

### Two Licensed in Canada

Benefit Association of Railway Employees has been licensed in Canada to write accident and sickness insurance, with H. J. Donley, Kenora, Ont., as chief Canadian agent.

A certificate also has been issued to Aviation & General for accident and aircraft insurance.

Edison Dick, executive vice-president of the A. B. Dick Co., Chicago, just returned from navy service, has again been elected a director of Continental Casualty.

### Bureau Draws N. Y. Examiner's Fire

(CONTINUED FROM PAGE 21)

tion for the 25% discount applied to industrial banks, since statistics are collected on a combined basis for national and state banks, trust companies, safe deposit and title companies and industrial banking institutions. Separate statistics should, therefore, be requested for this small class or preferably the 25% or a higher discount if warranted by experience should be applied to all classes in the one statistical code."

A 30% discount on the second and subsequent years applies to receivers or liquidators of commercial banks under form 2, 8 and 24 of bankers blanket bonds and no provision is allowed for a similar discount to loan associations in liquidation. Some companies have questioned this discrimination.

In general, there appears to be no need for the numerous forms issued to the various classes of financial institutions. All the forms furnish substan-

tially the same coverage under basic insuring clauses and optional riders. Two or three forms could be adopted to meet the requirements for limited or broad coverage applicable to these types of risks. Misplacement could be included in the basic coverage. In connection with industry or trade groups not specifically classified there is an annual minimum for fidelity rates of \$2.50 and an annual earned minimum of \$1 for each man or position. These minimums are waived on schedules of \$1,000,000 or more. "The differences in minimum charges are not supported by experience." Rates for bonds of less than \$30,000 or more than \$30,000 covering five or less employees vary according to position of employees whereas all other unclassified schedules are rated according to amount of insurance only. This variation in rating methods is arbitrary.

### Classified Lines

In connection with classified fidelity lines the report states that (1) the differentials and liability size groups are not uniform and in some cases the rates are not graduated by size of risk. Graded rates apply to the entire amount of insurance and because of this it is inevitable that inconsistencies may be encountered at the breaking points. For example, race-track employees covered under a schedule bond totaling \$50,000 would cost \$377.50 but one of \$45,000 would cost \$405. The gradation of rates by size of risk is not supported by statistical data; (2) minimum premiums are variable and have no fixed relationship to a standard.

Furthermore there is a lack of uniformity in the application of the 100% surcharge for position form bonds. "In this connection we recommend that the surcharge on minimums for position form bonds be reviewed. There should be some relationship to the generally known turnover of employees of various classes of business. There is no justification for the varying minimums according to size of bond. There may be some justification for uniform minimum charges per name or position under a schedule and for a uniform minimum charge per bond or policy related to the idea of expense constants"; (3) While unclassified schedules aggregating \$250,000 or more are subject to experience rating, classified risks are not eligible for rating under any of the several experience rating plans except that where a portion of a classified risk bears unclassified rates and the coverage for that portion amounts to \$250,000 or more then that portion only is eligible for rating under the unclassified experience rating plan. "To experience rate one and not the other is unfairly discriminatory. It is recommended that all classified lines be eligible for experience rating under the same conditions and requirements as unclassified risks. The coverage as well as the general character of unclassified and classified lines is identical and we therefore can perceive no valid reason for the different rating methods."

### Tailor-Made Rating Plans

Various "rating plans" have been adopted from time to time to take care of situations where the manual does not provide rates for schedules in excess of specified amounts but instead requires application to the bureau for rates. "A number of these ratings were carefully examined and while we do not consider it practicable to discuss the many so-called rating plans we wish to make two observations: (1) The requirements with respect to the amount of coverage and loss ratios were in all instances the conditions present in particular risks. It may, therefore, be inferred from the risks examined that each of the various rating plans although termed in general language and ostensibly of general application, is in reality designed to take care of a particular risk, which because of its size or other consideration is given preferential rating treatment; and (2) the qualifications may be revised as circumstances require."

Examples: Prior to May, 1937, the

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manual rate for schedules of \$4,000,000 or more for motion picture employees was 25 cents per \$100. Shortly before the 1937 renewal an official of a bureau wrote expressing the hope that a method could be found in the rating "scheme" to enable the surety company to give their agents the business of the assured at a marked saving over the previous year. Following this communication a "rating plan" was adopted for schedules of \$4,000,000 or over which provided for a rate of 17½ cents where the loss ratio for the last three years did not exceed 20%.

#### Plan Was Revised

The experience for the 1938 renewal showed a loss ratio of 25% for the last three years. This made the risk ineligible for special rating. However, to overcome this situation the rating plan was amended by providing for a loss ratio not exceeding 40%. Another risk of the same class of business carried over \$2,000,000 but less than \$4,000,000. In order to extend the scope of the rating plan a provision was added that schedules of \$2,000,000 or more but less than \$4,000,000 would be rated at 20 cents per \$100 if the loss ratio did not exceed 20%. Later the amount of insurance was reduced below the required \$2,000,000 and the rule was amended by reducing the requirements as to amount of insurance to \$1,000,000. "This system of rating should be discontinued. It is also recommended that a uniform experience rating plan be adopted which will produce relatively the same treatment for all risks of the same class with respect to loss and expense elements."

Erroneous classifications of employees, either unwitting or deliberate, will produce improper rates and unfair discrimination under primary commercial blanket bond and blanket position bonds. In this connection an executive vice-president wrote: "Apparently some of our friendly competitors are either ignorant of the requirements of the manual or they close their eyes and classify the employees as they think expedient. When agents of association companies quote on the same risk with a difference of 40% on the premium, there is certainly something very wrong, to say the least."

#### SURCHARGE BASIS

In connection with the P. C. B. B. and the B. P. B., surcharges are not based on statistical experience and "it would seem equitable to correct this rating by eliminating the rate differential from the table of discounts and surcharges." The selection of risks to which percentage differentials are to be applied is within the discretion of the bureau. "There is no rating plan applied to assure fair and uniform treatment to risks to whom the rules may apply. The element of judgment should be eliminated or reduced to a minimum in establishing surcharges or discounts in accordance with classified experience. It is recommended that the experience for each business classification, classified and unclassified, be reviewed with the view to establishing or adjusting rate differentials in accordance with indications as related to the permissible loss ratios for blanket position bonds and primary commercial blanket bonds respectively."

"There is still an unwarranted inconsistency in the term rules (for depositors forgery bonds) for public officials as well as between other insureds." Companies can write a depositors forgery bond for one year or three years but not for the term for which the insured is elected, that is two years or four years.

#### Lack of Uniformity

Study of unclassified fidelity schedule bonds shows that there is a uniform rate differential, with one exception, between loss ratio groups within each size group but there is no uniform range in the loss ratio group to which the differential applies. There appears to be no justification for this uneven scale and the varying points at which credit rates

change. Schedules of \$1,000,000 or more are subject to surcharges whereas those of lesser amounts are not. "This is a patently unfair discrimination against the schedules which are subject to surcharges." The cost of insurance will in some instances decrease with an increase in the amount of liability in the same loss ratio group. For example, a schedule of \$450,000 in the loss ratio group 7.6% to 15% would cost \$1,012.50 whereas the premium for \$500,000 would be \$962.50. The cost of a \$900,000 schedule would be \$1,575 but \$1,000,000 insurance would cost \$1,500. This inconsistency is present in other loss ratio groups.

"While criticisms and recommenda-

tions were made in the preceding discussion, we do not believe that compliance would eliminate the inconsistencies and inequities inherent in them," says the report in the conclusion of the section on fidelity. "The different methods for valuation of losses, the varying experience period requirements, and the different loss ratio groupings in the several plans would still remain."

#### Wants Uniform Experience Rating

"The principal form of coverage under the different fidelity bonds are the same, namely, insurance against dishonesty of officers and employees.

"Whether the bond be written as a

schedule or blanket does not alter the situation. In view of this, we can see no justification for the different experience rating plans. We are of the opinion that in lieu of the present system, a uniform rating plan should be designed which will be applied to all eligible risks alike, and rules and regulations to govern the administration and application of such uniform rating plan."

In the section dealing with surety bonds, considerable space is given to the situation regarding collateral. The use of special rating plans where partial collateral is involved comes in for criticism. The report quotes a letter from a vice-president of a large surety company who

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integrity is nationally known,  
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wrote that "if the rating schedule and the industry as a whole are to remain free of attack and criticism by both small and large users of our service a uniform method of establishing a rate schedule must be agreed upon and strictly adhered to for risks entitled to special consideration or special rating. Thus, if the bureau sees fit to recognize the principle for partial collateral, that principle should apply to all risks who may be entitled to it."

"The department, as well as some company executives, has advocated adoption of the principle of graduation of rates for large bonds so that the cost per \$1,000 should be less for each \$1,000 in the higher brackets than in the lower brackets," the report continues. "This principle is applied on bonds covering contracts of \$2,500,000 or more. It is the opinion of your examiner that a graduated scale of rates should be adopted to be uniformly applied."

The report also criticizes the failure to give a reduction for collateral on certain classes of financial guarantees or court bonds. In these cases the rates are the same with or without collateral although in most cases security would be required. Where collateral is required the hazard of loss is practically nil and this is as true in one kind of financial undertaking as in another. The risks in all such cases are identical and consequently should receive the same rating treatment, according to Mr. Kahn.

While surety companies have at various times favored extending the collateral rule to other classes of bonds than those to which it now applies, Mr. Kahn states that the bureau's position seems to be that the rates should not fall below a certain minimum with or without collateral. For example, when the bureau was questioned by a subscriber on extending the rate to other classes of bonds, such as attachments, replevin, etc., Mr. Lewis replied that any such change would produce trouble and that "once a rate of \$5 per \$1,000 was allowed for collateralized attachment bonds, someone would surely ask why a collateralized appeal bond was worth more." In other cases it was stated that the "pledge" shall not operate to reduce a premium below 1%.

"The bureau has established the principle of giving an assured the option of paying one rate for bonds which are not collateralized and a preferential rate on bonds which are fully secured and we cannot perceive any justification why the principle should not be extended to all court guarantees," the report states.

Mr. Kahn also sees no justification for charging \$10 per \$1,000 for collateralized admiralty bonds issued for a three year term and then charging an annual renewal of \$5, resulting in a somewhat greater rate for the fourth and preceding years than for the first three years.

The report recommends that the bureau define the basic coverages under the various contract bond forms and establish uniform rules for the benefit of all member companies so that there may be a better understanding of the application of rates. The report quotes an authority on contract bonds as stating that a broad form of bond, if it could be adopted with fair uniformity to the many jurisdictions, "would do much to overcome the present low esteem in which contract bonds are almost uniformly regarded."

The examiner calls attention to the lack of uniformity in computing the premiums on contract bonds, pointing out that in some cases the contract price is the basis, in some the bond penalty is the basis, while in still others either basis can be used.

"The surety business certainly should be able to adopt a rule for a rate basis which would produce premium charges in such a manner that the premium would reflect the true measure of the risk," he states.

The report includes an exhibit of loss and expense etc. ratios for the year 1937-43 inclusive followed by a comment that "it will be noted that the experience for fidelity and surety business has been very favorable."

## Discriminatory Tax Is Doomed, Peebles Says

(CONTINUED FROM PAGE 2)

In his paper Mr. Peebles gave the following seven classes into which the premium tax laws fall at the present time:

(1) Where both domestic and foreign companies pay at the same rate and have the same, or substantially the same, credits. Tennessee is typical.

### Deduct Realty Taxes

(2) Where both domestic and foreign companies are taxed at the same rate and may deduct realty taxes and taxes on the head office and equipment of the company in that state. California is a state of this type, and while this may discriminate to some extent in favor of home companies, still certain foreign companies do have substantial realty holdings and maintain head offices in those states, which grants them a substantial reduction. In view of the fact that such reduction is substantial and may be made available to all foreign companies doing business there, it is probable that the validity of the laws will be sustained.

(3) Where the rate is the same for foreign and domestic companies, with the law carrying a provision limiting taxable premiums of both foreign and domestic companies to 12½% of premiums from all sources. It is seriously doubted whether or not this type of act can be maintained. The New Jersey and Alabama laws are typical.

(4) Where the rate is the same but may be reduced to a lower rate if a certain percentage of the reserves for that particular state is invested in the state. Typical is Mississippi. This permits foreign companies a substantial reduction and this fact may sustain the law.

### Oklahoma Situation

(5) Where the rate is the same with scale credits dependent on the percentage of the companies' total assets invested in the particular state, such as the new Oklahoma law. It is not believed this form can be sustained.

(6) Where the rate is the same with a graduated reduction when the assets of a foreign company, invested in the state's securities, equal a specified amount of investments in similar securities in the state in which the highest percentage of assets of the foreign companies are invested. This particular form of law, insofar as I have been advised, is peculiar to Texas alone. This act is probably constitutional, for the reason that some foreign companies doing business in the state of Texas have as much investments in that state as in their home or any other state.

(7) Where the rate of taxation for domestic and foreign companies is not the same, in most instances foreign companies alone being taxed and state companies not at all. This is the type of law in force in a great many states. In my opinion, such laws are clearly discriminatory, a burden on interstate commerce, and, therefore, violative of the commerce clause of the Constitution.

E. H. O'Connor, managing director, Insurance Economics Society, discussed federal and state legislation. He referred to the cash sickness plan which was adopted in Rhode Island in 1942. He characterized it as simply an extension of unemployment compensation. Individual accident and health policies, or group cases, are almost impossible to sell in Rhode Island, Mr. O'Connor said, since the cash sickness plan has been in operation. Many companies do not want Rhode Island A. & H. business under the present circumstances.

Mr. O'Connor said that if a private company sells a man having a salary of \$40 a week, it is possible for the policyholder to receive a total of \$38 in weekly compensation from the state and the insurance company. This situation makes it attractive for a worker getting \$40 a week to stay home and receive \$38 in

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weekly benefits. There is thus a moral hazard attaching to Rhode Island business which makes it undesirable in the eyes of many A. & H. companies.

Mr. O'Connor said that in the legislative session just closed, 14 cash sickness plans were proposed, and that at the present time the legislatures of California, Washington, Illinois, New York, Virginia, and West Virginia, have authorized funds which will be used for the purpose of making cash sickness plan studies for the need of health care by the state. Mr. O'Connor pointed out that the clamor for legislation of this kind had come entirely from the wealthier states in which labor is well organized and entrenched. He predicted that as compulsory social security expands, private insurance will begin to contract, and he remarked that a little social insurance breeds the demand for more. Mr. O'Connor predicted that the federal social security laws may eventually include a burial insurance provision unless the private insurance companies are alert and prepared to protect an invasion of their interests.

### Life Counsel Gives Sketch of Regulation Cases

Francis J. Wright, general counsel of Midland Mutual Life, in addressing the annual meeting of the Association of Life Insurance Counsel at Atlantic City, gave a thumbnail sketch of each of the cases now pending that involves state regulation as affected by the commerce clause and cited recent significant statements made by the U. S. Supreme Court in *Southern Pacific Co. vs. Arizona* decided last June and *International Shoe Co. vs. Washington*, decided Dec. 3.

Of particular significance in view of his dissent in the *S.E.U.A.* case, Mr. Wright stated, is the fact that Chief

Justice Stone wrote the opinion in the cases.

In the *Southern Pacific* case he said:

"Although the commerce clause conferred on the national government power Southern Pacific and *International Shoe* to regulate commerce, its possession of the power does not exclude all state power of regulation. \* \* In the absence of conflicting legislation by Congress, there is a residuum of power in the state to make laws governing matters of local concern which nevertheless in some measure affect interstate commerce or even, to some extent, regulate it. \* \* When the regulation of matters of local concern is local in character and effect, and its impact on the national commerce does not seriously interfere with its operation. \* \* such regulation has been generally held to be within state authority. \* \* States have not been deemed to have authority to impede substantially the free flow of commerce from state to state, or to regulate those phases of the national commerce which, because of the need of national uniformity, demand that their regulation, if any, be prescribed by a single authority. \* \* Whether or not this long recognized distribution between the national and the state government upon the implications of the commerce clause itself, \* \* or upon the presumed intention of Congress, where Congress has not spoken, \* \* the result is the same.

"\* \* the commerce clause, without the aid of Congressional legislation, \* \* affords some protection from state legislation inimical to the national commerce, and \* \* in such cases, where Congress has not acted, this court, and not the state legislature, is under the commerce clause the final arbiter between the competing demands of state and national interests. \* \*

### Distribution of Power

"Congress has undoubted power to re-define the distribution of power over interstate commerce. It may either permit the states to regulate the commerce in a manner which would otherwise not be permissible, \* \* or (it may) exclude state regulation even of matters of peculiarly local concern, which nevertheless affect interstate commerce. \* \*

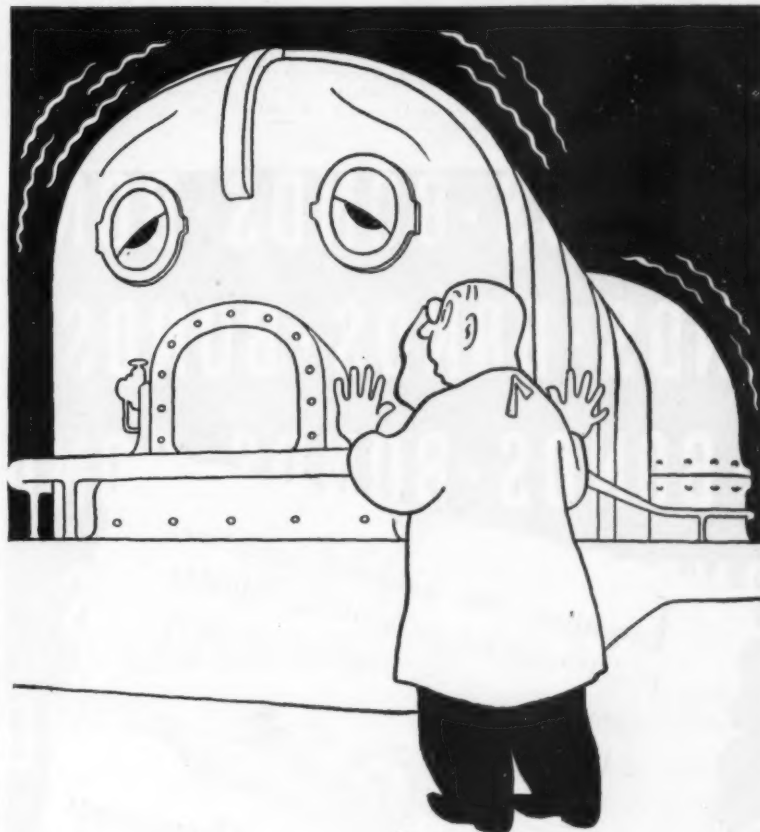
To this background, Mr. Wright declared, should be added the declaration of Congress in public law 15, that the continued regulation and taxation by the several states of the business of insurance is in the public interest, especially in view of the decision in the *International Shoe* case. In this case the Chief Justice, in commenting upon the commerce clause argument noted that Congress had by specific enactment provided that no person required by state law to make payments to an unemployment fund shall be relieved from complying therewith because he is engaged in interstate or foreign commerce. The Chief Justice said:

"It is no longer debatable that Congress, in the exercise of the commerce power, may authorize states, in specific ways, to regulate interstate commerce or impose burdens upon it."

The most important of the insurance regulation cases pending is *Robertson vs. People of California*, Mr. Wright declared. The other cases that he treated were *Ware vs. Travelers*; *Keehn vs. Laubach et al.* and *Keehn vs. Hi-Grade Coal & Fuel Co.*; *Insurance Commissioner of Pennsylvania vs. Griffiths*, pending in the district court at Camden, N. J.; *National Surety Marine vs. Harrington* and *State Farm Mutual Automobile vs. Duel*.

### Boston Agencies to Merge

BOSTON—Consolidation on Feb. 1, 1946, of the well known agencies of Elmer A. Lord & Co. and Cyrus Brewer & Co., under the name of Brewer & Lord, with offices at 56 Batterymarch street, was announced. All active partners in the two agencies will become partners in the new firm. Brewer & Co. was established in 1859 and Elmer A. Lord & Co. in 1893.



### First Aid for Wartime Fatigue

No wonder this turbine is tired. War production kept it on extra shifts for years. Thousands of other power units are in the same predicament. They need the protection of inspections of the type made by Hartford Steam Boiler.

Many insurance agents are providing this *first aid before accidents* by writing Hartford Steam Boiler policies. This is not only a real service to their clients, but it adds appreciably to their production. In doing this they have found that the Special Agent of the Hartford Steam Boiler is able and willing to work side by side with them.

Hartford Steam Boiler has the largest field staff of specialists in the nation (both Special Agents and Inspectors) whose time is devoted solely to power-plant inspection and insurance. This staff draws upon the experience gained by the Company in seventy-nine years of handling this one specialized line alone.

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VINCENT CULLEN  
President

## Auto Commissions at Minimum Level

(CONTINUED FROM PAGE 19)

motorist that was getting the greatest use out of his car was receiving more than his share of the insurance. The risks that had the least exposure and the fewest accidents were disgruntled and sooner or later shopped around for cheaper insurance.

The classification rating plan, he said,

in the most practical manner thus far developed, has made a fair apportionment of the cost over the several types of risks so that each type pays in accordance with its own requirements.

### Statement in Policy

Mr. Spottke said that measures for further safeguarding the plan should be considered. One would be for the policy to carry a statement letting the insured know how the automobile was rated and what the rating contemplates. This could be included in the policy without

raising any question of coverage even where a misclassification exists. If this worked out it would probably be unnecessary to continue to use a separate rating form.

Mr. Spottke repeated his advocacy of a comprehensive automobile liability policy in which would be eliminated those exclusions which do not relate to workmen's compensation coverage and coverage for property in charge of the assured. This would produce a policy covering the insured completely at a nominal additional charge.

Mr. Spottko advocated bringing out a single limit policy on an optional basis and let the public ballot. If the public clearly prefers the single limit, the dual limit will fall by the wayside. At the same time it might be well to write the minimum coverage for higher limits than the present standard. Spread over all policies the unit cost will not be excessive.

In making automobile rates, Mr. Spottke declared, the National Bureau follows the same practices and the same rate making procedure and uses the same kinds of data in the non-regulated as well as in the regulated states. However, the element of judgment necessarily plays a greater part in analyzing the experience in the non-regulated states because there the bureau has experience for only that business that is insured by member companies. In the rate regulated states on the other hand, the bureau always has a complete picture of the experience of all companies.

## Urges Insurers to Enroll Veterans in Training on Job

(CONTINUED FROM PAGE 20)

Don't want government money. Has any manager or company who refuses to permit his veteran recruit to qualify for his \$50 or \$75 per month subsistence allowance offered to guarantee that veteran \$50 or \$75 of his own money to replace his loss? Who has the right to reject it anyway, you or the veteran? A moment ago we said we feared the veteran would use up some of his allowable training time and then fail. Now we are telling the veteran that "if we hire you, you must give up all your allowable training time and benefits." For by the time the veteran has sweated through those lean years and has become a success the time allowed under the act for him to qualify for such benefits will have expired. We, therefore, have compelled him to forfeit all benefits receivable under this portion of the act if he wants to work for our company.

How is he going to feel about that three or four years from now when he finds it out?

### Matter of Qualifications

Don't want the government telling us what to do. Better read the act again on that point, for the framers of the bill were way ahead of you. It is specifically stated that "no government authority shall exercise any control over the personnel or methods" used in carrying out the training program. The only authority the government has is to remove

the firm from its approved list and this is done only upon proof of gross dereliction of performance.

Managers will hire veterans without qualifications. This would be a funny one if it were not such an insult to us managers. It is saying in effect "Our managers are both morons and ungrateful Americans. They will throw away the amount of money regularly guaranteed or advanced to any ordinary new man just for the fun of seeing the government throw away \$75 a month on a bunch of veterans. For the law states that wages or other compensation paid by the employer to a veteran in training must be comparable "to wages normally paid to unskilled non-veterans." Would you further imply that that same manager would feel no more obligation to train the boy who has been through the hell of battle to save our hides than he would feel towards anybody picked up at random? My observation is that the vast majority of managers employing a veteran on a definite training program of this type is more likely to lie awake nights figuring out better selection, training and supervision methods lest he have the responsibility of such a boy's failure to plague him the rest of his life. I know whereof I speak. I have three veterans in "training-on-the-job" now under the G. I. bill.

Having felt morally obligated to overhaul my general training program I soon found myself doing a much better job with my non-veteran recruits as well.

I believe that if every manager or general agent had at least one veteran on this "training-on-the-job" program, he would become a better manager because of that responsibility. It might be the prescription needed for some of us to get out of our physical and mental easy chairs that we've been occupying too much of the time during recent years and put us back to work at our job for which we are theoretically paid—that of being honest-to-God managers and leaders of men, both veterans and non-veterans.

It is generally agreed that practically all of the men recruited for the insurance business during the coming years will be veterans of World War II. I have just pointed out that in hiring any veteran without first qualifying our companies and our agencies under this act we are, in effect, compelling him to forfeit certain benefits running as high as \$3,600 for the privilege of selecting our company and our agency. How long do you think it will be before any veteran smart enough to qualify as your agent or mine will wake up to that fact? He'll certainly be told about it by veterans' organizations, by other types of business and by some of us in the insurance business who not only have the nerve to believe we are as well qualified as a bank or an auto dealer to give adequate training, on the job but who will also "go to bat" any time anywhere to see to it that these boys get the benefits they have been promised.

What are you, Mr. Manager or Mr. Company Executive, going to do about it?

## Accident-Health Congresses in Southwestern Cities

(Continued from page 20)

missioner Jess G. Reed, Ralph Russell, his assistant, gave in brief the most important developments in accident and health insurance in the Oklahoma department in 1945, citing as most important the commissioner's ruling prohibiting issuance of accident and health group contracts to voluntary associations.

**E. D. Patton**, New York, assistant U. S. manager, Northern of London, was in the Middle West recently in connection with appointing a successor to Elwood Harper, Minnesota state agent, who has gone with Scottish Union.

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## A. & H. Prepared to Meet Problems

(CONTINUED FROM PAGE 19)

not mean, however, that we have not worked, nor that our work has not produced many findings."

Mr. Follmann said there is a demand throughout the country for more thorough regulation of the accident and health business and that the companies themselves favor the extension of the standard provision law from the 23 states now having it to all states. This alone would produce much greater regulation of the accident and health business and is readily welcomed by all sound companies, while responsible companies are also interested in any laws, well administered, which would bring an end to unjust, unfair and deceptive practices, he said.

Remarking that there are some states whose legislatures meet in 1946 and not again until after the moratorium in public law 15 expires, Mr. Follmann expressed the hope that these states, in their haste, with a legislative deadline which might not be so imperative as they think, will not enact hastily conceived and too loosely constructed legislation which would serve to create problems for the insurance departments and the courts and which would unduly and without purpose hamper the doing of business. The bureau is in contact with the study commissions on code revisions which have been appointed in 17 states and has offered its assistance.

### Problems in Various States

Mr. Follmann discussed problems that have arisen in several states. New Jersey has made criticisms of policy forms submitted. These criticisms the bureau feels to be neither justifiable nor of any public value. The main one is that requiring that application forms contain a statement that the statements or the applicant are made to the best of his knowledge and belief. Since statements made in the application are already indicated as being representations only, and not warranties, the bureau feels that this additional requirement of the department produces no further advantage to the insured and that therefore the serious added expense and trouble in printing new application forms for New Jersey only or throughout the country is not justified.

The department further prohibited the use of the word "hospitalization," in spite of statutory references that would permit its use, and has insisted on a clarification of the house-confinement definition in policies containing life indemnity benefits. The companies feel that no difficulty arises from the present definition and that therefore these criticisms are also unjustifiable. Recently representatives of the bureau, along with representatives of the Health & Accident Underwriters Conference and certain independent companies appeared before the New Jersey department to discuss these problems. However, the

department has not thus far altered its position.

In Pennsylvania, Mr. Follmann said Commissioner Neel feels that the law requiring the filing and approval of policy forms applies also to the filing of rates and classifications. While this interpretation is perhaps subject to some question, a meeting has been held with the commissioner to determine what basis he would use for the approval of rates and what his general approach to the problem would be.

Mr. Neel is aware of the difficulties involved and is approaching the task with great care, Mr. Follmann said, and eventually a regulation will be put out, although not for about a year. Meanwhile the commissioner will consider the problems arising out of the multiplicity of policy forms and the variety of coverages. Mr. Neel is aware, Mr. Follmann said, of the fact that since the insured moves from state to state, rates must be based on a company's entire area rather than by individual states; also that the experience of the last five years cannot justifiably be used because of abnormal conditions due to the war.

### Action on Misleading Titles

In Kansas, Commissioner Hobbs' efforts to bar policies having misleading titles threatened to outlaw even titles given for sales and identification. After representatives of the bureau and the conference had talked with him, Mr. Hobbs agreed to approve policy titles in general except those that misrepresented the coverage, or were subject to misrepresentation by agents, were grossly nonsensical or patriotic or implied that the policy was issued by some governmental unit.

In Louisiana, companies submitting policies for approval found that they were advised that such policies would also have to have the approval of the Louisiana Casualty & Surety Rating Commission. This the bureau felt to be an indication of misjudgment on the part of the authorities. It has suggested to companies that where these difficulties are encountered it be pointed out that the policy in question is an accident and health policy and not a policy of casualty insurance in the general sense of the word. Experience has shown that where this is pointed out, no further difficulty is occasioned.

### Question on Air Travel Rider

In California some difficulty was experienced in receiving approval of the air travel rider, principally because the rider contained a specified date upon which coverage thereunder would terminate, despite the fact that the extension of coverage was granted without cost. A limited form of approval was subsequently obtained for the rider and it is believed that any further extensions of this rider bearing a termina-

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tion date will receive similar limited approval, but that no unlimited approval will be granted until such time as experience would show the advisability of issuing such rider without a termination date.

Companies issuing the schedule type of policy have occasional difficulty in obtaining approval in several states, principally because of the problem of interpreting the statute which provides that the policy shall contain a brief description of the coverage on the face

and on the filing back. Certain companies have overcome this criticism by adding to the description of coverage on the filing back, either in printed form or by pasted sticker, the schedule of coverages under the caption, "Schedule of Benefits," follows and it is believed that this procedure will be satisfactory where such criticism occurs.

In his report as chairman of the governing committee, Harry Prevost, U. S. F. & G., reviewed various situations in the business, including the possible ad-

visability of the bureau's extending its scope. He asked whether the bureau should not extend its attention beyond commercial accident and health insurance, to which it devoted its entire attention for nearly 30 years until the S.E.U.A. decision forced it to consider the other divisions of its branch of the business.

Future developments, which the bureau may assist in moulding but cannot arbitrarily design, "may perhaps require our participation for our own best interests in extended activities," he said. In view of the public's interest in financial relief for those laid low by injury or disease, he questioned whether the efforts of companies here and there would accomplish much and asked whether a function of the bureau should not be to cooperate with other organizations through a practical department of public relations.

#### Underwriting Forum

The underwriting forum evoked discussion of a variety of topics. One of these was how far companies can go in liberal underwriting treatment of partially disabled ex-servicemen, particularly those who have lost an eye or a limb. It was obvious that all present wanted to go as far as possible without subjecting their companies to unjustifiable losses. Loss of a leg, particularly amputations above the knee, caused the most concern among physical disabilities, as tending to impair agility in dodging traffic. More doubts were expressed about mental disabilities, such as psychoneurotics, than about physical impairments. In general it seemed that limiting of benefits was preferred to raising the rates, though it was brought out that the latter might be necessary as well. Also, each case should be considered on its individual merits. It was brought out that the companies issuing individual policies are in a more vulnerable position as to adverse selection than are companies writing group contracts which might include some disabled lives. The effect of tropical disease after-effects also was considered.

#### Effect of Worn-out Automobiles

The underwriting forum evoked discussion on the personal accident loss frequency and severity came in for considerable discussion. It was suggested that the dire results that have been forecast might be mitigated by public consciousness of the worn condition of most cars. Once present cars are replaced there should be an improvement, not only because of the cars' condition but by reason of improvements in design and in safety devices. Automatic clutches

and transmissions should make driving safer for the beginner. Wider use of automobile driving courses in high schools should help the safety record. It has been found in the army that boys who had this instruction were markedly superior as drivers to those who lacked it.

There was a good deal of discussion of the possibility of offering a longer health indemnity than 52 weeks but there was not much sentiment in favor of it. House confinement as a condition of drawing income would help some, it was felt, but not enough to guard against a repetition of bad experience resulting from adverse selection.

Non-occupational coverage was discussed but the relatively small amount of such business on the books forestalled any very conclusive statement as to the experience on it. Some felt definitely that the rate was inadequate. The view was expressed that it was best adapted to insured whose occupations were such that their occupational accidents would be covered by workmen's compensation. Also that the non-occupational coverage should not be sold to farmers and others who would have little chance of ever having a non-occupational accident.

The special committee on regulatory legislation made a progress report. Logan Bidle, Aetna Life is chairman of this committee and also of the underwriting committee, whose report he presented.

Secretary Ralph Brann reported that there was no change in the bureau membership during the past year. It consists of 39 companies.

### Patterson Praises War Projects Plan Committee's Work

Secretary of War Patterson, in a letter to William Leslie, general manager National Bureau of Casualty & Surety Underwriters, warmly commended the work of the Joint Rating Committee for Comprehensive Rating Plans, of which Mr. Leslie was chairman. The committee, which represented the Association of Casualty & Surety Executives and the American Mutual Alliance, served as liaison between the companies and the government in the administration of the war projects rating plan. The letter reads:

"In May, 1941, as undersecretary of war, I approved the report announcing creation of the Joint Rating Committee on the War Department Insurance Rating Plan by the Association of Casualty & Surety Executives and the American Mutual Alliance, and promulgating regulations governing its operations with respect to the establishment of rules and rates for determination of standard premium to be used on policies providing insurance to War Department contractors under the rating plan.

"Since that time I have received frequent reports of the operation of the Joint Rating Committee and I am aware of the great amount of time and effort which have been expended by its members in discharging their important functions. I am grateful for these efforts and for the generous spirit of cooperation evidenced by the committee in its many valuable contributions toward the success of the War department's insurance program.

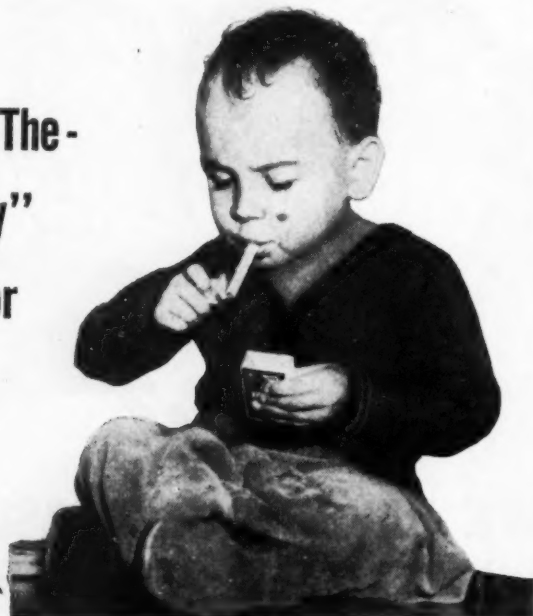
"It gives me pleasure to express this gratitude to you, and through you, to the individual members of your committee."

#### Scholefeld to Nat'l Surety

Walter L. Scholefeld has been employed by National Surety as assistant manager at Detroit in charge of the casualty business.

Mr. Scholefeld has been with Travelers 26 years, for the last 17 chief underwriter of casualty lines at Detroit.

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### Barber A

Traveler Barber fra ciate actua After gra in 1919 he department assistant a the Trave ganization uality Act



## Underwriting Practice on Disabled Servicemen

Accident companies now are receiving every day applications from servicemen who have been wounded in battle. The companies usually are underwriting these cases liberally but they are not making any blanket rules on accepting applications and assuming risks which almost surely promises a loss. In some cases companies have loaded the rates and treated these risks as substandard, on the same basis as the life companies substandard departments. Others have issued an endorsement, not assuming liability for certain losses which are likely to result from the particular disability.

Where these men have been policyholders for some time, the company assumes a more liberal attitude. The general rule is to consider the applicant, his infirmity and the possibility of loss due to that condition. No company desires to show any prejudice against these risks. Usually an effort is made to give them all the "breaks."

## Combined Mutual Casualty Holds Managers School

Combined Mutual Casualty and affiliated companies held a sales managers school at the Edgewater Beach Hotel in Chicago this week, with 45 district managers representing practically every state in attendance. President W. Clement Stone was in charge.

The purpose of the session was to teach sales managers to train salesmen and saleswomen, with individual managers leading discussions on the several sales methods the company is now employing, as well as development of new methods it contemplates using during the coming year. There were discussions of aptitude tests for prospective salesmen, the scientific method of interviewing prospective salesmen, the use of moving pictures in training new representatives, hiring and training saleswomen, methods for selling women war veterans and establishing a training school so as to take advantage of public laws 16 and 346.

Combined Mutual Casualty in five years has increased its assets from \$25,000 to more than \$1 million and a premium volume this year of \$1½ million is indicated.

## Addresses Surety Men

The information and educational program of the Surety Association of America was discussed in detail by David Porter, educational director, at the monthly luncheon meeting of the Surety Underwriters' Association of New York City. Emphasizing that such a program is long overdue and that its need is urgent because of the rapid pace of modern business and suretyship, Mr. Porter stressed the local surety association's role in the development of the program.

An integral part of the educational program, he commented, will be to formulate procedures for local associations and to assist in organizing new associations in the larger metropolitan areas, where such organizations are lacking.

## Managers Meet at Home Office

Managers of Manufacturers Casualty and Manufacturers Fire from throughout the country were at the home office this week in their annual conference with the company officials. Methods of producing more business and of underwriting were taken up in open forum.

## Barber Associate Actuary

Travelers has promoted Harmon T. Barber from assistant actuary to associate actuary in the casualty department. After graduating from Trinity College in 1919 he entered the casualty actuarial department of Travelers, was named assistant actuary and has represented the Travelers in various insurance organizations. He is a fellow of the Casualty Actuarial Society.

## Uninsured Loss Fund Setup Under Manitoba's New Auto Responsibility Law

TORONTO—Manitoba's new automobile financial responsibility law which went into effect Dec. 1, sets up a central fund financed by an additional license tax levy of \$1. Judgments for over \$100 and up to \$5,000/\$10,000 will be paid out of the fund in cases where no insurance is in force. Proof of financial responsibility for future accidents is required of owners and drivers involved in accidents regardless of blame. Under the old plan such proof was required only on failure to satisfy a judgment. License may be suspended or cancelled for failure to pay a judgment in another province or in any state in the U. S. The previous law applied only to judgments in Canada.

Accidents involving damage in excess of \$25 must be reported within 24 hours.

## Messick, Jr., Assistant Manager

John R. Messick, Jr., has been appointed assistant manager of the U. S. F. & G. branch office in Indianapolis, of which Foster & Messick have been managers for nearly 40 years. He has just been discharged from the navy after more than three years in the finance division. He was with the 38th division in the Philippines and New Guinea. Before entering service he was with the Foster & Messick office.

## Toolin Returning to Travelers

Maj. Joseph P. Toolin of the Atlanta headquarters of the army engineer corps insurance division has been ordered to Camp Devens, Mass., for discharge. Maj. Toolin was formerly with Travelers and is expected to return to that company at one of its New England offices, about Jan. 1.

Engineer corps insurance activities in the south Atlantic area have been substantially completed, it was stated at the corps insurance office there. During his term of service at Atlanta, Maj. Toolin had supervision of insurance on 142 war projects, ranging through camps, air fields, ordnance plants, etc., and involving premiums of about \$14 millions.

## Atlas Names Garton in Canada

Atlas Assurance has appointed P. Douglas Garton assistant manager for Canada. He spent about 12 years with the head office in London serving with home and foreign departments. He was transferred to Montreal in 1932 to develop the casualty business in Canada.

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## Randall Sees Increase in Insurance Business

Unprecedented growth can be expected in all major lines of insurance, states Jesse W. Randall, president of the Travelers companies, in an article published in the latest issue of "Connecticut Circle."

After every war in the last century and a half the insurance business has grown substantially. The lines of insurance that were well-established before these wars came usually increased materially in volume and new lines developed.

Right now, he states, aviation insurance seems to be the big, new line that promises to grow rapidly into a major underwriting activity.

There is a fundamental reason why insurance grows after every war. The economy goes on to a newer, higher

price level and as a result people need more insurance. When a house increases in value from \$5,000 to \$7,000, the owner needs \$2,000 additional fire insurance. When the contents of that house increase in value, he needs more fire and burglary insurance than he had before. As the prices of products go up, so also do the prices of services and men need more accident insurance than they had before, more life insurance and possibly higher limits under their liability contracts.

At one time standard limits for teams liability policies were \$2,500 and \$5,000. For a long time minimum limits under automobile liability insurance have been \$5,000 and \$10,000. The minimum limits for an automobile policy may become \$10,000/\$20,000 or \$10,000/\$25,000 in the not too distant future, he suggests.

When the cost of living goes up, men begin thinking in larger amounts of life insurance, too. They realize that

the \$100 a month income which they have arranged for their families for subsistence purposes may be inadequate and they begin thinking in terms of \$150 or \$200 per month.

Another factor that makes for growth in insurance is the continuously wider acceptance of the insurance idea. As the decades go by, a higher percentage of people buy insurance and they likewise buy more kinds, he comments.

## Wisconsin Pushes Auto Liability Coverage

MILWAUKEE—Wisconsin motorists are being flooded by direct mail and large-sized advertisements are appearing in newspapers warning car owners to be prepared to comply with the new Wisconsin motor vehicle safety responsibility law, effective Jan. 1. For the most part the state motor vehicle's educational program in which agents and companies participated, obtained full cooperation from the press, although in a few instances criticism was leveled that the state was allegedly working in the interest of private insurance firms.

### Big Increase in Sales

Insurance agencies here and throughout the state are reporting a sharp upswing in the sales of automobile policies. Many returning veterans resuming private driving are buying insurance and an unusually large number of motorists are again putting their cars to greater use and feel the mileage again warrants the cost of an insurance policy. The biggest rush of business because of the new law is expected to come just before the deadline.

### D. C. Safety Legislation

WASHINGTON—Proposed legislation recommended by the District of Columbia commissioners to tighten local safety laws was introduced in Congress by Rep. Randolph, West Virginia, chairman of the House District committee. The bill calls for a triple check of fire, safety and health safeguards in all new housing units and public places prior to issuance of occupancy licenses.

### Ky. Farm Bureau Group to Build

LOUISVILLE—Kentucky Farm Bureau Mutual, an affiliate of the Kentucky Farm Bureau Federation, will shortly be housed in part of a two-story building to be erected here by the Farm Bureau Federation, which probably will eventually house the proposed Kentucky division of Southern Farm Bureau Life, now in process of organization. It will be constructed so that two more floors may be added as needed.

L. F. Allen, federation president, and I. S. Wood, general manager of Kentucky Farm Bureau Mutual, were named Kentucky directors of Southern Farm Bureau Life.

### Adopt Auto Plan for Veterans

TORONTO—The All-Canada Insurance Federation announces that disabled veterans who can prove their ability to operate a car safely will be able to obtain automobile insurance from member companies at the same rates as unhandicapped drivers. This decision has been forwarded to provincial superintendents of insurance along with a suggestion that the superintendents establish efficient test bureaus.

### Fire Not "Attractive Nuisance"

The West Virginia supreme court has ruled in the case of Tiller vs. Baisden that a trash blaze at Baisden's grocery store was not "an attractive nuisance." The Tillers' youngster, 5, was burned severely while playing around the trash fire. Judge Fox stated that while it is common knowledge that a fire attracts children it is also well known that fear of fire is instilled in the minds of children at an early age. They should exercise care to prevent being burned.

## Arkansas Agents Hold Mid-Year Gathering

(CONTINUED FROM PAGE 1)

erage issued by their own insurance companies as a condition for the use of their financing facilities. The resolution cited such combinations and practices as leading to coercion, intimidation, rebating and other unfair trade advantages and as violation of the spirit, if not the letter, of federal law.

### Presidential Address

Robert W. Maxwell of Texarkana, in his presidential address declared the Arkansas agents expect to take an active interest in rating legislation that comes before the Arkansas legislature. However, he declared, a strong agents' qualification law is the first objective and should take precedence over any other insurance legislation in the program of the Arkansas agents association.



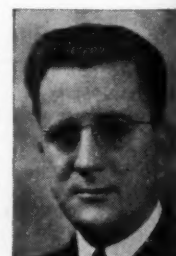
R. W. Maxwell

He expressed the hope that the agents will have a qualification bill ready to introduce the first day the legislature meets, that it can be enacted with dispatch and the way be cleared for taking up other important legislative problems. The S.E.U.A. decision, Mr. Maxwell declared, raised questions concerning the relationship between agents and companies. Nevertheless continued co-operation is possible if sane judgment is used and if there is common understanding and if the golden rule is applied to business.

The Arkansas annual convention will be held at Hot Springs in May and he expressed the hope that the eastern company committee would hold their meeting at such a time and place as to be able to be with the agents on that occasion.

### Doremus Talks on Bank Plan

Frederick W. Doremus, vice-president of American, addressed the Arkansas agents on the bank and agent auto plan. He recommended that the bankers simplify their procedure on direct loans for a auto financing. They will not get the business, he predicted, if they expect protective measures beyond those required by the commercial financing companies.



F. W. Doremus

The bank and agent auto plan gives the automobile dealer an opportunity to revise his selling methods and concentrate more on making his net profit from the selling and servicing of automobiles rather than from finance reserves and insurance commissions.

The fact that 9,000 banks intend to develop direct finance business is a good omen. The local bank has an advantage because it is on the ground. It can co-operate with the dealer and agent to make each transaction a prompt and complete one without having to refer it to the nearest large city.

Mr. Doremus stated there are 16 fire insurance companies and six casualty companies that are owned by finance companies.

### Stork with Morrison & Co.

Frank W. Stork, experienced production engineer, has joined the Morrison & Co. general agency of Omaha, where he will manage the service department.



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The surplus-testing plus airplane measure, UNDERWRITERS have been favoring surplus being formed, the surplus industry information will have aviation aircraft insurance. Tentative surplus figures as to design and development both military project in coordinated committee of Commerce administration be worked.

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## Crash Testing of Surplus Planes Being Arranged

The suggestion for a program of crash-testing of several thousand surplus airplanes as a safety research measure, mentioned in THE NATIONAL UNDERWRITER several months ago, has been favorably received and tests involving some 10,000 surplus aircraft are being formulated jointly by the government, the armed services and the aviation industry. It is believed that information resulting from these tests will have a substantial effect in reducing aviation hazards and consequently aircraft insurance rates.

Tentative plans call for the use of surplus fighter bombers and transports as to develop new improvements in design and performance and accelerate developments in safety and efficiency of both military and civil aircraft. The project in its initial stages is being coordinated by the airplane technical committee of the Aeronautical Chamber of Commerce. Many details, including administrative jurisdiction, are still to be worked out.

The aircraft manufacturing industry has recommended that the program be handled by a government-sponsored coordinating board with representation from the army, navy, civil aeronautics administration, national advisory committee for aeronautics, the airline operators, and the aircraft manufacturers. Questionnaires have revealed that more than 50 types of structural and performance tests can be made, many of which would be impossible without a large quantity of cheap and flyable airplanes.

### Tests Engineers Propose

Some of the tests that engineers would like to make with "expendable" aircraft are the following:

Flight tests under conditions far exceeding normal requirements to determine performance limits. Such tests, in which the pilot may have to abandon the plane in flight, may uncover answers to riddles of stability and control, also flutter and vibration characteristics.

Investigation of engine life at extreme high powers, carried on with enough aircraft to provide dependable statistics.

Scientific crashing of planes which are either controlled by radio or abandoned by pilots. These crashes would be filmed by high speed cameras to provide new information on structural failures under crash conditions. Through such tests it may be possible to advise pilots as to the best types of terrain and the best angles of approach in forced landings.

For the first time, stress engineers also will be able to determine whether there is a strength variance between each production airplane of a given type. This could only be learned through load-testing many planes of one given model.

According to the Aeronautical Chamber of Commerce, aircraft surpluses are piling up at a rate far exceeding sales. There is now more than \$854 million worth of surplus aircraft and related equipment but only 3% had been sold in the eight months up to Feb. 1 of this year. Surpluses are continuing to pile up at a rate six times their sale to civilian users. As might be expected, there is no market for combat type planes, though the less-costly civilian types of military aircraft are selling well.

### Casualty Actuarial Examinations

The Casualty Actuarial Society will hold its annual examinations for associate and fellow April 3 and 4, 1946. While the deadline for applications and letters is not until Jan. 15, Secretary-treasurer Richard Fondiller urges that candidates file their applications immediately. His

## See Aviation as \$3 Billion Industry 10 Years After War

By JEROME LEDERER  
Chief Engineer, Aero Insurance Underwriters

T. P. Wright, administrator of Civil Aeronautics, gave some interesting data on the probable postwar development of civilian flying in the course of a talk at a meeting of the Wings Club in New York City.

Though predicting that airplane manufacturing will go through a slump period immediately after the war, Mr. Wright thought that by 10 years after the war is over the entire aviation industry, manufacturers, private flying, aircraft service operators and airlines will see a \$3 billion industry. The number of employees in the entire industry in 1938 was 30,000. This year it is 2 million. One year after victory it will probably be about 100,000 (as against 2 million at present) and 10 years after V-day about 700,000, he predicted.

### Future of Private Flying

Discussing private flying, he predicted that ten years after V-E day, it would probably become a major factor in the national economy progress as respects aviation and must be fostered as never before. He predicted that 10 years after the war there will be 400,000 non-scheduled aircraft, a figure which he said he arrived at by taking the present number of airplanes and increasing their number at the rate of 30% a year. With 400,000 airplanes there should be a market each year for 150,000 to 200,000 planes. He thought this could be accomplished with an airplane that could be sold for \$2,500 or less and mentioned the plans of Republic and other manufacturers to sell planes at 60c a pound.

Other inducements to provide for this market will include relaxation in regulations for the acquisition of private flying certificates, the revival of the civilian pilot training program, and the establishment of many more airports. Also there must be improvements in the plane itself and a reduction in its cost.

Among the improvements Mr. Wright mentioned reduction in noise so that airports can be located in populated centers, improved safety and undercarriages that will permit cross-wind landings. Mr. Wright does not believe that surplus war aircraft will amount to much in the postwar private flying picture except for the use of training planes after the war to tide over the gap until post war models can get into production. He also mentioned the use of surplus planes in a crash research program. There is no place in civilian aviation for combat aircraft and once the war is over these should be written off and scrapped.

### Aviation Legislation

Discussing legislation, Mr. Wright said that artificial boundaries will act as barriers to the development of aviation and that state laws should be uniform and not conflict with federal regulation. He thought that local regulations should be at the minimum necessary to help enforce federal regulations. Outlining what had happened at the International Civil Aviation conference in Chicago last fall, Mr. Wright said that if the proposals are adopted, a pilot will be able to fly in any country under uniform rules and regulations. He implied that it would be an incongruous situation if the many allied nations were to adopt a uniform regulatory code, while the regulations of United States varied with each state.

address is 90 John Street, New York 7, N. Y. Examinations can usually be held in the city where the candidate lives.

Examination Rule 4 has been amended for the benefit of veterans.

## Reliance on General Custom Wins for Plaintiff

The first U. S. circuit court of appeals relied on the weight of custom in the insurance business in New Hampshire when it affirmed a judgment for the plaintiff in the case of Grange Mutual Fire vs. Commons.

The suit was to recover on an oral contract for fire insurance. Thomas Maren, president of Commons, Inc., in April, 1943, contracted to purchase a farm in Londonderry, N. H. He was represented in the transaction by a local real estate and insurance agent named Cushing, through whom he agreed to place fire insurance on the premises.

Before the deed finally passed Maren began alterations to the house and barn. On May 5 he went to Cushing's office and signed a blank application for fire insurance in Grange Mutual Fire. Maren and Cushing already had agreed that the building should be insured for \$15,000, and Cushing was authorized to apportion the insurance between the different buildings. Maren testified that Cushing assured him he was covered for the total amount agreed upon. Cushing promptly filled out the application, giving the date for the insurance to take effect at noon on May 12, and forwarded it to the home office. Grange Mutual's president inspected the risk, approved the coverage for \$10,000, and the policy was drawn to take effect May 12. The policy was sent to Cushing on May 9 or 10. On May 11 the buildings were totally destroyed by fire.

Maren's insurable interest was not questioned, and Grange Mutual conceded that oral contracts for insurance are valid and enforceable under New Hampshire law. The question was whether there was any evidence from which it could be found that Cushing had authority to bind risks in Grange Mutual. While Cushing's specific authority was vague, the court held that the evidence of his "apparent authority" was sufficient to support the verdict.

The court held that in binding Maren's risk in Grange Mutual Cushing not only acted in the reasonable prosecution of the business of his agency but also did what agents of his type, that is general agents, ordinarily are authorized to do. This invokes the rule that "a principal is bound by his agent's act if 'it is one agents in that line of business are accustomed to do.'" Grange Mutual contended that his rule was inapplicable in the present case because there was no evidence in the record that Maren knew of or relied upon any general custom or usage of general agents of New Hampshire to bind risks. With this the court disagreed. Maren testified he thought he was covered from the moment Cushing told him he was covered, and from this the jury properly infer that he was relying upon the custom of agents like Cushing to bind risks orally. The custom was a general one, and therefore the burden of introducing evidence of Maren's not relying upon it rested upon the insurance company.

The court pointed out that where the appearance of authority rests upon a general custom uniformly acted upon in a business, plaintiff has made out a prima facie case of apparent authority when he has shown the custom because it may fairly be assumed that persons will contract with reference to it.

Frederick W. Branch of Manchester, N. H., appeared for Grange Mutual upon Alexander Murchie and Robert C. Murchie of Concord, N. H., and Nathan Fink of Boston for Commons, Inc.

### N. Y. Statistical Tables Issued

The New York department has issued a 161-page advance printing of the principal statistical tables from the New York insurance report. It contains information on life, fire and marine, cas-

## Flowers and Soloist Are Projected Benefits

Neighborhood Flower Club of Cleveland has applied to the Ohio department to license a company to issue policies providing flowers in case of illness of the insured and to provide flowers and a soloist at the funeral of a policyholder. Eventually, the program calls for providing tombstones, too.

## Insurer Loses Water Damage Subrogation Case

Franklin Fire lost a subrogation action before the Indiana appellate court in which it sought to recover from a landlord \$2,655 that it paid to a tenant for a water damage loss.

The insured that suffered the loss was Nobb's Fashions that leased the premises at 928 South Calhoun street, Fort Wayne, from the Noll building. On April 29, 1941, water leaking from the upper floors of the building damaged the stock of goods of Nobb's Fashions and Franklin Fire alleged that the loss was due to the negligence of the building owner averring that they had permitted the plumbing to become in a bad state of repairs, etc. Although the lease contained a clause specifically exempting Noll building from liability, Franklin Fire contended that the clause is null and void because in view of the fact that there was a monthly rent of \$650, the clause rendered the lease an unconscionable contract and because the clause was against public policy.

However, the appellate court said that the allegations contained in the complaint are insufficient to warrant the court in holding the provisions in the lease null and void as constituting an unconscionable contract and it also stated there is no provision in the Indiana statutes holding that a similar clause is null and void as against public policy.

Ramon S. Perry of Fort Wayne was attorney for Franklin Fire while Barrett, Barrett & McNagny, Otto E. Grant of Fort Wayne and Leigh L. Hunt, Churubusco, Ind., represented the Noll building.

### Follmann to Chamber Committee

J. F. Follmann, Jr., who recently was appointed manager of the Bureau of Personal Accident & Health Underwriters, has been named a member of the health and accident section of the insurance committee of the U. S. Chamber of Commerce by Chester O. Fischer, Massachusetts Mutual Life, chairman of the insurance committee. Rollin M. Clark, vice-president-secretary of Continental Casualty, is chairman of the health and accident section.

Lt. Robert E. Davis, who before entering the army in 1942 was manager of the Chicago office of D. F. Broderick, Inc., is the author of a series of articles which started Dec. 2 in the Chicago "Tribune" recounting his thrilling escape from a concentration camp in Szubin, Poland, and his flight from the Nazis in a month's wandering through that country. He recently was placed on inactive duty as first lieutenant of infantry. He was captured in the battle of the Ardennes Dec. 21, 1944. When the Russian army approached Szubin, the American prisoners were marched north by their German guards and then Lieut. Davis escaped. He is a native Chicagoan, attended University of Illinois, Lewis Institute and Northwestern University, and entered the insurance business at Chicago in 1939.

ualty and surety, hospital service and medical indemnity insurers, fraternal, assessment cooperatives and title insurance corporations.

# INSURANCE NEWS BY SECTIONS

## MIDDLE WESTERN STATES

### Good Cooperation Blocks Sheboygan State Fund Move

**SHEBOYGAN, WIS.**—A resolution to insure properties of Sheboygan county with the Wisconsin state fire fund was ordered placed on file at a meeting of the Sheboygan county board of supervisors here. The action resulted from some splendid cooperation between G. F. Risley, Wisconsin state agent of Great American; Urban Krier, executive secretary Wisconsin Association of Insurance Agents; Theodore Schmidt, secretary Wisconsin Federation of Mutual Insurance Companies, and members of the Sheboygan Board of Fire and Casualty Underwriters and the Sheboygan County Insurance Agents Association.

A score of local agents from Sheboygan county attended the supervisors session to hear the arguments. Mr. Risley assailed the state fund as unfair competition with private industry, asserted that the state has too much money tied up in non-liquid investment of its assets, and that operation of the fire fund "is and has been in the past subject to severe criticism." Mr. Schmidt emphasized the services of the local agent and charged the state with exercising "monopolistic powers." Alarm at the state government going into private business was voiced by Mr. Krier, who insisted that the "whole American system of private enterprise is on trial here today."

### Plan Minnesota Mid-Year April 4-5 in Minneapolis

**MINNEAPOLIS**—The mid-year meeting of the Minnesota Association of Insurance Agents has been tentatively set for April 4-5 at Minneapolis. Preliminary details will be taken up at a meeting of the executive committee here Dec. 21.

Another matter to be taken up at that time is the dinner in honor of Frank S. Preston, for many years executive secretary-treasurer of the state association, who retired last fall.

The bank-agent auto finance plan continues to get the active attention of local boards affiliated with the state association. It featured the program at the quarterly meeting of the Minneapolis Underwriters association Dec. 10 and of the Insurance Agents Association of St. Paul Dec. 12. On Dec. 11 it was presented at a meeting of the Southwestern Minnesota Agents Regional Association at Jackson where Howard Williams, immediate past president of the state association, gave a talk on "Agency Prestige and How to Earn It." At all these meetings local bankers were invited guests.

### Shifts in St. Louis Agencies

**ST. LOUIS**—Dave Franz, with the Insurance Agency Co. about 20 years, is joining General Insurors as assistant manager of the casualty department under S. A. Dirnberger, manager. He started as an office boy with the Insurance Agency Co. and in recent years had largely been in charge of casualty lines.

Miss Cornelia Roche, with Maryland Casualty here for 25 years in various capacities, will take charge of that agency's casualty and liability department.

### Push Veteran Training Plan

**LANSING, MICH.**—The Michigan office of veterans' affairs has sent a special bulletin to veterans' counselors in the various counties of the state relative to the on-the-job training program

for returning service personnel being offered through a plan devised by the Michigan Association of Insurance Agents.

Waldo O. Hildebrand, association secretary-manager, has explained the program at numerous agents' meetings throughout the state and a growing number of agencies and companies has qualified to handle the training work by filing their specific programs with the state office. A mass meeting on the subject will be held by the Detroit association Dec. 14, to which life men also are invited.

### Bielefeld Decatur Manager

Marshall R. Bielefeld, adjuster at Decatur, Ill., for Western Adjustment, has been appointed manager of that office, succeeding John Keller, who is retiring for considerations of health, after almost 35 years of service.

Mr. Bielefeld joined Western Adjustment in Chicago in 1938, and in July of that year was transferred to Peoria. In 1940 he was transferred to Decatur.

The other members of the Decatur staff are L. W. Campbell and C. B. Mason. The staff will be further augmented by the addition of L. J. Couture of the Chicago north side office.

### Hutchinson Agencies Merged

The agencies of Bert S. Berry and Joe McGuire, Hutchinson, Kan., have been consolidated into the Berry-McGuire Agency. Mr. Berry, who represents Travelers for life business, has long been secretary of the Hutchinson Life Underwriters Association. Mr. McGuire has just returned to the business after a period of service with one of the Hutchinson war plants.

### Western Adjustment Kan. Shifts

C. W. Rowse has been named resident adjuster of Western Adjustment at Hutchinson, Kan., following the transfer of Glenn S. Corcoran to Jefferson City, Mo., as manager. J. L. Travis, formerly of the Kansas City, Kan., office, has been moved to Hutchinson to assist Mr. Rowse.

Western Adjustment has opened an office at Pittsburg, Kan., in charge of T. E. Rouse, resident adjuster.

### New Boards in Ohio

A new insurance board is being organized at Upper Sandusky, O. H. L. Wenner is temporary president and Miss Helen Stecher secretary.

Sheldon H. Vannoy is serving as president of the new board at Greenville, which includes Darke county, and V. S. Cassel is secretary.

The new board at Coshocton, O., is headed temporarily by Fred C. Karr as president.

### Al Fischer Returns to St. Louis

**ST. LOUIS**—Al Fischer has returned from 28 months in the navy to resume his position as manager of the fire department of the Lawton-Byrne-Bruner agency here.

Mr. Fischer spent the last 18 months at the submarine base at Pearl Harbor, having previously attended the navy school at Farragut, Ida.

Mr. Fischer has been associated with Lawton-Byrne-Bruner since 1929.

### Altmayer Heads St. Louis Group

**ST. LOUIS**—Frank Altmayer, Altmayer Real Estate Co., has been elected president of the Associated Fire Insurance Agents & Brokers of St. Louis. Albert F. Groebel, Groebel-Senninger Co.,

is vice-president; William H. Finke, treasurer, and Edward A. Kamp, secretary. Clarence C. Lang continues as executive secretary.

### Columbus Conference April 22

Andrew J. White, Jr., secretary of the Columbus Insurance Board, has announced that a one-day fire and casualty educational conference will be held at Ohio State University April 22, sponsored jointly by the university, the local association and the Ohio Association of Insurance Agents.

### Seven Veterans Again on Job

Seven service men have recently returned to Underwriters Adjusting, they being: R. F. McCune, Omaha; J. R. Hanna, Cleveland; J. E. Zavorka, Muncie; B. D. Livengood, Indianapolis; J. I. Solon, Chicago; B. U. Sparlin, Omaha, and A. T. Wells, Akron.

### T. J. Kelly with Flint Firm

Thomas J. Kelly, veteran of the army air forces, has joined the staff of N. S. Woodward Co., independent adjusters for companies at Flint, Mich.

### Moore Rejoins Funkhouser-Smith

Sgt. Guy D. Moore will return to his old job at Funkhouser-Smith, general agents, at Springfield, Ill. Mr. Moore traveled with Funkhouser-Smith for 14 years before entering the service. He has been discharged.

### Ohio Agents at C. of C. Meet

Leeds Bronson of Hamilton, president of Ohio Association of Insurance Agents; Theodore M. Gray, secretary, and Harry T. Minister, former president, will represent the association at the annual meeting of the Ohio Chamber of Commerce in Columbus Dec. 13-14.

### Leen Speaks in Cincinnati

Patrick J. Leen of Chicago, assistant manager of the western department of Fireman's Fund, will address the Cincinnati Fire Underwriters Association Dec. 13 on "Ocean Marine."

### Gray Speaks at Portsmouth

Theodore M. Gray, secretary Ohio Association of Insurance Agents, will address the Portsmouth association Dec. 14.

### NEWS BRIEFS

The Cuyahoga County Board of Underwriters had as its speaker Dec. 11 Dr. B. C. Clausen, pastor of the Euclid Avenue Baptist Church at Cleveland. His subject was "On the Beam For '46."

Tom V. Moorehead, Zanesville, O., local agent, will seek reelection to the Ohio senate. He was a member of the senate insurance committee at the last session.

Warren N. Bowlus, president of the Insurance Board of Fremont, O., has returned after three years in the army. Mrs. Bowlus looked after the agency during his absence.

Robert R. Clauer, after four years as a paratroop captain, has become assistant vice-president of the H. H. Woodsmall agency of Indianapolis.

Minnesota football movies will provide the entertainment at the Dec. 17 meeting of the Insurance Club of Minneapolis.

The Christmas party of Frank S. Rogers, St. Paul general agent, will be held Dec. 17. It will be a victory party.

Automobile Mutual of Rhode Island has been licensed in Iowa for automobile fire and theft and Factory Mutual Liability of Rhode Island for auto liability and other liability lines.

The former Farmers Elevator Mutual of Fort Dodge, Ia., which recently changed its name to Farmers Cooperative Mutual, has resumed its former name and will move to Des Moines.

W. O. Weber has opened a local agency at 701 Electric building, Indianapolis. He has been in the insurance business since 1923.

Herbert E. Archer and Mildred E. Archer have purchased the interest of J. C. Sechrist in the Sechrist-Archer agency, Cuyahoga Falls, O.

The Christmas party of the Insurance Women's Club of Detroit brought out a near-record attendance of insurance women and their friends.

Plans are being made by Minneapolis Insurance Women's Association for the regional convention at the Curtis hotel there Mar. 16-17.

## IN THE SOUTHERN STATES

### Dallas Public School Line Placed with Local Board

**DALLAS**—The proposal of the local board placement committee of the Dallas Insurance Agents Association for the handling of the fire insurance schedule of the Dallas public schools has been accepted by the Dallas board of education, President Alphonso Ragland, Jr., of the Dallas association announces.

The board of education asked for proposals on about \$7,500,000 insured values with 50% coinsurance on fireproof buildings and 80% coinsurance on the remainder of about \$13,000,000 worth of school buildings and contents. The request for proposals stated that the agency submitting the most satisfactory proposal would receive the entire schedule and that the 300 or more policies written by about 60 different agencies, now in effect, would be cancelled short rate.

The three Dallas fire companies, Gulf, Republic and Trinity Universal, and the six Dallas general agencies belonging to the Texas Association of Managing General Agents, prepared the proposal at the request of the local board placement committee, using manual rates. The six general agencies are Gross R. Scruggs & Co., Trezevant & Cochran,

Barney Vanston & Co., Floyd West & Co., Walter Southgate Co., and T. A. Manning & Sons. The three-year premium will be about \$32,000.

Due to the illness of the placement committee chairman, Richard H. McLarry, the business will be handled by the other members of that committee B. Felix Harris and Jay Russell Smith of the Dallas agencies bearing their names, Willard Crotty of J. W. Lindsey & Company and Joe Westerlage of the Cruger T. Smith agency. One master policy will be written by one of the Dallas companies and one-ninth of the risk will be reinsured with each of the other eight companies and general agencies. The commissions, when earned, will be divided evenly among the 125 member agencies of the Dallas Insurance Agents Association.

### Continue W. L. Cravens Agency

Following the death at Columbus, O., of W. L. Cravens, the agency at Russell Springs, Ky., bearing his name, will be continued by his widow, Mary L. Cravens and his brother, W. V. Cravens. Welby L. Cravens was 44. He died of a corporeal disease. He had been in the local agency business more than 20 years and for a number of years was a member of the Russell Springs city council.

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**Oklahoma Regional at Durant**

A regional meeting of the Oklahoma Association of Insurance Agents was held at Durant with an attendance of 35. Discussion was mainly directed toward revision of the agency qualification law and the financial responsibility law.

Speakers were R. M. Miller, manager Oklahoma Audit Bureau, and Dave McKown, president Oklahoma City Exchange. The bank-agent plan film was shown. President Harry Parrish of Tulsa announced the addition of 20 new members as the result of the meeting, which brings the total to an all-time high of 500.

**Consider Cawthon's Successor**

NASHVILLE—The directors of the Tennessee Association of Insurance Agents will meet early in January and may act at that time on employment of a secretary-manager to replace R. T. Cawthon, whose resignation took effect Nov. 1. The association's office remains open, with the office secretary in charge. Former Manager Cawthon comes in once a week to keep things going.

**Rejoin San Antonio Agency**

Capt. Woodward W. Altgelt, Jr., has received his discharge from the army after more than three years service, and returned to San Antonio, where he will be associated with his father in the Sanger & Altgelt Insurance Agency. O. Z. Guldge, with that agency before entering the navy, also received his discharge and has returned to the office.

**O. J. Parker Released from Navy**

Lt. Comdr. O. J. Parker, Jr., has been released to inactive duty after having served 34 months in the office of the assistant secretary, insurance section of the Navy Department.

Comdr. Parker will return Feb. 1 to Atlanta as president of the Parker Insurance Agency.

**Writing Tobacco in Ky.**

LOUISVILLE—A considerable amount of insurance, much of it under reporting forms, is now being placed on tobacco. The 1945 crop burley sales started Dec. 3, and in the first five selling days 58,544,359 pounds were sold on state markets.

**Get Fulton Fire in Fla.**

Brundick & Bowles of Jacksonville, have been appointed general agents in Florida for Fulton Fire of New York. The agency was established 50 years ago by the late E. A. Groover.

**NEWS BRIEFS**

After three years in the Navy, Jack Pipkin has resumed his position with the A. E. Pipkin & Sons agency in Memphis.

The Insurance Women of San Antonio heard George J. Henry, state agent of Royal-Liverpool, discuss business interruption insurance. He presented the changes made recently in rates and rules in Texas, the importance of a careful study of the forms and the necessity for the coverage.

**EAST****Cavalier, Pa. Cas. Plans in N. J.**

The Ballard & Greene agency of Newark has been appointed New Jersey state manager for Cavalier and Pennsylvania Casualty, both of the Commercial Credit Co. group.

Lindsay H. Rudd has been elected vice-president of Ballard & Greene and also of Alexander Greene & Co. of New York. He takes the place of Joseph A. Flannigan, who has resigned to enter the general agency field.

**Trenton Insurers Sell Home**

New Jersey Manufacturers Association Casualty and New Jersey Manufacturers Association Fire have sold their

**To Fete Posey at Luncheon Dec. 27**

SAN FRANCISCO—Addison C. Posey who succeeds Joy Lichtenstein as



A. C. Posey

Pacific Coast manager of Hartford Fire and vice-president of Hartford Accident in charge of the Pacific department here on June 1, will be officially welcomed at a luncheon on Dec. 27 attended by approximately 150. Mr. Posey has been in San Francisco familiarizing himself with his manifold new duties.

Mr. Lichtenstein established Hartford Indemnity on the coast in 1914 and has been successful in coordinating the activities of special agents of both fire and casualty companies in business production and services. Mr. Lichtenstein was one of the first casualty men to become manager of a major fire company in addition to his casualty duties.

Mr. Posey has been in the business since 1924 after four years with the Southern Pacific. He started with Hartford Accident's surety department, a year later was made superintendent of the metropolitan bonding department, then manager of the metropolitan department of both companies and then assistant manager of the Pacific department under Mr. Lichtenstein. Later he was transferred to the home office as vice-president of Hartford Accident's surety division.

**Little Business Written on New Depreciation Form**

SAN FRANCISCO—The new depreciation insurance form adopted by the Pacific is moving slowly, according to some of the leading brokers here. While welcoming this new source of premium income, the brokers have indicated that the board form in some respects is restricted when compared with the form used in California by London Lloyds through surplus line brokers. At the same time a number of companies are not seeking the business, preferring to go slow until some experience has been recorded.

Other companies are ready to accept the business under the board form. It aims at controlling the moral hazard which many company executives were inclined to believe made this business unattractive.

**Loman Speaks in Los Angeles**

LOS ANGELES—The Insurance Forum of Los Angeles and the Pacific C.P.C.U. chapter joined in an annual banquet at which time Harry J. Loman, dean of the American Institute of Chartered Property & Casualty Underwriters, awarded C.P.C.U. diplomas to Charles Jacobs, Rees E. Roston, and Gene E. Groff, special agent North America.

Mr. Loman discussed the long range program for raising the standard of per-

home office building in Trenton to the state of New Jersey. Manufacturers Association has acquired a new site and intends to put up a new office building there.

Mrs. Christine B. Nolan, organizer of the Insurance Women of New Jersey and president for two terms, who heads her own real estate and insurance agency at North Bergen, N. J., has been elected a vice-president of the New Jersey chapter, Institute of Real Estate Management.

**PACIFIC COAST AND MOUNTAIN**

formance in the insurance business to a professional level through the utilization of present college courses and the introduction of advanced courses in insurance.

F. P. Woellner, University of California professor, declared there need be no saturation point, no limit of sales or production. "What we need is vertical thinking in all business today. When we see a limit we should raise our sights, think above the past into new fields of endeavor and thus achieve progress."

**Curry Opens San Diego Office**

Charles E. Curry, Pacific Coast manager of Boston, Old Colony, Providence-Washington, Anchor and National Union, has established a branch service office at San Diego. John A. Kysela, recently discharged from the army after service in Europe, has been appointed special agent in charge.

Charles Murphy has joined the Curry office in the claims department. He was formerly with Fire Companies Adjustment Bureau in San Francisco.

**King County Annual Meet and Banquet Jan. 8**

SEATTLE—The annual meeting and banquet of the King County Insurance Association will be held here Jan. 8. President E. L. Smythe has announced.

The annual business meeting will start at five p. m., followed by a social hour and banquet.

P. J. Perry heads the nominating committee which includes A. W. White, Bowles, White & Brink; R. C. Jenner, LaBow, Haynes & Co.; Willard H. Scott and William H. Harmer.

**To Form Engineering Department**

Lt. Comm. H. Hallock Bartlett, former state agent at Seattle of the St. Paul group, is on terminal leave and expects to be released early in January. He will establish an engineering department for the St. Paul companies in San Francisco when he is released.

**Discontinue Lumber Group**

SAN FRANCISCO—The four mutuals which have been operating on the Pacific Coast for some years as the Lumber Mutuals are discontinuing the

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He is not your competitor, but instead, as a good neighbor, is always ready to help YOU as a LOCAL AGENT. He covers his territory thoroughly, is familiar with local conditions, and invites you to call upon him for cooperation or assistance.

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• Know the General Agent in your locality. Write the office nearest you.

group as of Jan. 1 and all business will be written directly through Indiana Lumbermen's Mutual. Excess lines will be handled by reinsurance.

August F. Muentner continues as Pacific Coast department manager of Indiana Lumbermen's with headquarters in San Francisco. M. T. Kimmick, who has been with the company for a number of years in Indiana, has been transferred to Los Angeles and will have supervision over southern California.

#### New Course Starts Jan. 15

SEATTLE—Ralph Lewis, chairman of the National Association of Insurance Agents' educational course here, reports the first lectures on automobile direct damage and bodily injury and property damage covers will start Jan. 15. Meetings will be held the second and fourth Tuesdays. On Dec. 17 ocean marine will be covered, the only line not in the N.A.I.A. course. Irwin Mesher announced that the King County Insurance Association will reimburse all war veterans and active members of the club for expenses if they complete the course and receive the N.A.I.A. certificate.

#### View Cal. Legislative Prospects

LOS ANGELES—Legislative prospects in 1947 were reviewed by Richard H. McCollister, secretary, before the southern California chapter of the Insurance Brokers Exchange of California. Mr. McCollister is a member of the California legislature from San Francisco.

It was reported that approximately 15 Pacific Board companies are accepting business from brokers through Los Angeles offices and are paying full commissions. If it proves to be necessary, business can be cleared through San Francisco by exchange members.

#### Hoyt Made Tacoma Manager

Charles E. Leake has retired as manager at Tacoma for the Washington Surveying & Rating Bureau and is succeeded by Lt. Comm. J. B. Hoyt, released by the navy after several years of active duty in the Pacific.

Mr. Leake has served the rating bureau and its predecessor for 47 years. Mr. Hoyt, an engineering graduate from the University of Washington in 1926, spent 16 years with the rating bureau before entering service.

#### Elect in Los Angeles Jan. 8

LOS ANGELES—The Insurance Association of Los Angeles will hold its annual meeting Jan. 8.

At the first of the association's winter classes on public liability and workmen's compensation, insurance, the law of negligence was discussed by Gene Groff, North America group; Robert McWilliams, attorney, who is a C.P.C.U., and John Gurash, Pacific Employers.

#### Telfer Heads Blanket Club

SEATTLE—Tom Telfer, D. K. MacDonald & Co., was elected president of the Seattle Blanket Club. He succeeds Wallace D. Corbett, United General Agency. Other officers are: Ralph Lewis, Thieme-Morris, Inc., vice-president; William Mallen, Union of Canton, secretary, and Earl Groninger, Groninger & Co., treasurer.

#### Fred S. James & Co. in Seattle

Fred S. James & Co. has opened an office at 302 Lewis building, Seattle, with T. Price Beeson, formerly with Northwestern Mutual Fire, as manager in charge.

#### Frazier Gets Columbia

Columbia Fire of the American group has appointed Frazier & Co. of Seattle general agents in Washington state.

#### Purcell Returns to Pearl

Lawrence J. Purcell, manager of the metropolitan department of the Pearl group in San Francisco, is back in his old position after three years in the

army air forces. For the past year he was at the Ford Willow Run Plant, handling renegotiation of plane contracts and other readjustments.

#### New Residence Form Discussed

Richard Campbell, special agent of Swett & Crawford, addressed the San Bernardino-Riverside Insurance Agents Association on the new residence policy. J. T. Silveira, Pacific Board, talked on the functions and operations of the board.

#### NEWS BRIEFS

The George D. Poe & Co. agency, Tacoma, Wash., has opened a life department under the management of Roland P. Burnham, Jr., recently returned from service and for many years with Prudential.

J. D. Hull of Carrol, Hillman & Hedlund, Seattle agency, is leaving the firm to become associated with his father, R. D. Hull, in the Hull-Miller Co., of Yakima agency.

Lee White, just discharged after 18 months with the air transport command, flying over the Hump in the India-Burma-China theater, has joined R. L. Eby & Co. in San Francisco.

William A. Comrie has been released from service after three and a half years in the army air corps and will rejoin the Charles W. Sexton Co., Portland, Ore.

W. Boyce Standard, who has been a major in the army, has resumed his old post as manager at Seattle of Oregon Mutual Fire.

Don McCallum has been released by the navy and has returned to his agency at Puyallup, Wash. During his absence the agency was managed by Mrs. McCallum.

J. I. Pollock, who became a partner in the O. F. Johnson agency, Camas, Wash., last September, has purchased Mr. Johnson's interest in the business.

## CANADIAN

#### Report on Mutual Taxation Study in Canada

TORONTO.—Recommendations to amend taxation provisions covering fire and casualty mutuals have been given the Canadian government by the McDougall commission studying the taxation of cooperatives. Dividends or refunds to policyholders and unabsorbed premiums or premium deposits returned to or payable to policyholders, and any other amounts credited to policyholders should be allowed as a deduction in computing taxable income, the commissioner said.

Stock companies writing fire, automobile and casualty paying dividends or making refunds to policyholders, should be allowed to deduct such dividends or refunds in computing taxable income.

It is suggested that small mutuals receive special consideration. It is also recommended that any company with 50% or more of its premium income from the insurance of farm property or other property not protected by firefighting organizations would be tax-free. Companies engaged entirely in insurance of churches, schools, religious or charitable organizations would also be exempt under the commission recommendations.

#### Stubington Vice-president

G. Stubington has been elected a vice-president of Western Assurance and British America. He will continue as managing director.

#### Merge L. & L. Canada Companies

C. M. Horswell, manager of Merchants Fire of Toronto, which is owned by London & Lancashire, will retire Dec. 31. He has been in his present position 20 years and has served London & Lancashire and associated com-

panies 37 years. He will continue as a director of Merchants.

As of Jan. 1, Merchants Fire will join London & Lancashire Guarantee & Accident of Canada under the management of W. L. White at the head office of the latter in Toronto.

## MOTOR

#### Holds Parking Lot Not Liable for Theft Damage

The Washington supreme court held that a parking lot is not liable for damage to a car stolen in the lot even though the keys were left in it after it was parked and there was only one attendant on duty. Many cases in the past year or two have been held the other way.

In the Washington case, Ramsden vs. Grimshaw and others, the claim check given the car owner stated the parking lot was not responsible for loss or damage to car and contents from fire or theft, collision or any cause. The attendant as was customary parked the car and left the keys in it, which increased the capacity of the lot because it permitted moving cars around. Two sailors entered, got in the car, and, with the attendant shouting at them, drove away. Six miles or so down the road they crashed into another car and both cars were wrecked.

Denial of liability in the parking lot ticket had no effect, the court ruled. As respects the charge that the lot was unfenced, that the keys were left in the car and that the lot had only one attendant, thereby inviting to theft of the automobile, the court said:

The first two circumstances were known to the car owner when he left his automobile and did not constitute negligence in themselves. On the third point, the court held that one attendant could keep the lot under surveillance and did so. He saw the sailors come on the lot, and though he mistook their purpose, even an owner guarding his own property would not be expected to anticipate a theft of a car from his very presence since theft ordinarily is accomplished by stealth. The attendant failed in his attempt to frustrate the open theft of the car, but he made a reasonable effort. The court said that an open theft from one's presence is not invited and the surveillance exercised was such as would be reasonably given by an owner to his own goods. In holding for the defendant the court reversed a lower court decision.

#### New Cars Target for Thieves

People who have been fortunate enough to buy new cars realize that they have immediately become targets for thieves. There will be a big demand for new cars and the thieves realize this. Some people have reported that their cars have been stolen within a few hours after they had been put in the home garage.

## MARINE

#### Offer Door-to-Door War Risk

American marine underwriters have agreed to give door-to-door war risk cover on mail and air shipments covered by policies written on or after Sept. 1 of this year, provided the assured acts with reasonable dispatch in making claims.

#### Marine Institute Reelected

Thomas J. Goddard of Chubb & Son has been reelected president of the American Institute of Marine Underwriters. Also reelected are Harold Jackson, W. H. McGee & Co., vice-president; Henry De Gray, Appleton & Cox, treasurer, and Ernest G. Driver, secretary.

## Average Arson Loss Increases

(CONTINUED FROM PAGE 3)

ing a well publicized fire set at Ontario by a pyromaniac, 10 pyromaniacs were apprehended within a year later, their activities being stimulated by the publicity in the first case. Mr. Craig replied that if publicity is repressed and reports do not appear in the local papers, everybody in the smaller community knows about it anyhow.

In discussing the duties of fire marshals in curbing arson, Roderick Goeriz, Detroit arson squad inspector, pointed out that as arson is only one phase of a fire marshal's duties, it is difficult for him to specialize on that subject. He defined arson as fire investigation from a police point of view. The investigator must approach each fire looking for crime. Of cases involving fraud, 95% are with the intent to defraud an insurance company so it is important for the arson investigator to be familiar with various insurance contracts in order to detect reasons for the setting of the fire.

#### Police Powers Viewed

In exercising police power in connection with arson it is important to consider the limitations imposed by civil liberty laws in handling investigation. The investigator must theorize on the possibilities and eliminate all except the answer. When a series of circumstances point to a particular individual the case is not closed like it is in a detective story but it must stand up in court. The most difficult combination in fraud cases is where an agent, adjuster and torch work together. Such cases can be detected by watching for repetition. The best way to prevent arson is to deter it through efficient investigation and prosecution. It is much easier for arson investigators in a large city like Detroit to operate because they are at the seat of the crime immediately. People interviewed at the fire often talk more freely than afterwards. The time element is very essential and prompt notification is imperative in covering a whole state. Experience shows that incendiary fires are more frequent in certain areas, among certain groups and occupations so that frequent inspections are desirable.

#### Tell of Bombing Results

Reports on the bombing of Germany were presented by Frank C. McAuliffe, chief Chicago Fire Insurance Patrol, and Anthony J. Mullaney, Chicago chief fire marshal. Chief Mullaney said that approximately 92% of the damage done in Britain occurred in London. The blitz experience there gave the allies a tip on how to win the war by frequent and saturated bombing. In Cologne investigators couldn't find a building which wasn't damaged to some extent in a three day inspection. The prewar population of 800,000 was reduced to 43,000, and Chief Mullaney said he couldn't see where they all lived because the city was so thoroughly demolished. The damage caused by air raids was so thorough that the fire department operations were curtailed as everyone, including the firemen, went underground. Fire apparatus was destroyed and water facilities damaged.

In Hamburg local fire chiefs cooperated with the American mission on a professional basis so that a number of facts were secured. Homes were less vulnerable to fire than they are in America because they are well constructed without plaster and bath and many of them have concrete stairs and floors. In the industrial plants fire walls were not over 30 feet apart and there were no excessive fire areas. Tile roofs were particularly vulnerable as tile was blown off and the wooden roofs underneath exposed. In determining which type of bomb, demolition or incendiary, was the most destructive, Chief Mullaney said that the combination did the most damage. If United States cities were bombed the damage would be even more extensive than in Germany.

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and wooden fences and porches. Although the atomic bomb does the job quicker, bombing methods used in Germany were just as destructive and effective in the long run, he declared.

#### Recommend Type of Bombs

James McElroy of the N.F.P.A. staff told of his experiences as a member of a group which studied reconnaissance photographs and recommended the type of bombs to be used. Men in this group were familiar with plant construction and were able to analyze the photographs with approximately 83% accuracy, according to later check-ups.

Physical vulnerability of the target was analyzed to determine whether incendiary or demolition bombs would be the most effective.

Mr. McElroy said that the idea of dispersing the cities to eliminate the threat damage from atomic bombs is impractical.

The question of securing closer cooperation with local fire chiefs in reporting fire losses was raised by George Clough, Nassau county, N. Y., fire marshal. E. A. Taylor of Oregon told of the operation of the law there which requires adjusters to send in preliminary and final reports on damage done. These reports are of particular advantage to insurance companies because cases of duplicate coverage are often detected. There is a tendency for fire chiefs to estimate the losses too low because it provides a better record for their departments. Adjusters' reports are valuable because they aid the fire marshal's department in verifying a fire chief's report. In analyzing fire losses it is important to include the assessment valuation as well as the per capita loss because the per capita loss means very little alone, he said.

#### Has Stand-by Truck

In making a survey of the fire fighting facilities in welfare institutions in Illinois, Fire Marshal Craig said it was difficult to get corrective measures taken. In many cases the fire apparatus was in poor condition so that the department of public health has equipped a stand-by truck which can be used temporarily by the institution while its own equipment is being repaired. The truck was on display outside the hotel.

#### How Industry Would Sort Insurance Lines

(CONTINUED FROM PAGE 3)

20. Jewelers' block risks excluding improvements and betterments of buildings, fixtures, tools and machinery of assured.

21. Property while on exhibition.

22. Animals, wagons and similar equipment used in connection with the animal.

23. Machinery and equipment during period of installation and testing.

24. Movable equipment and miscellaneous movable articles of a mobile or floating nature not on sale or consignment or in course of manufacture which have come into the custody and control of parties who intend to use such property for the purpose for which it was manufactured or created.

25. Property in transit to and/or from and while waiting for or undergoing processing in bleacheries or fumigatories or on premises of dyesters, throwsters and other similar processors until delivered to storage warehouses or final place of delivery contemplated at the time the shipment was made. Provided, however, that such policies shall not cover bailee's property at his premises.

26. Property sold under conditional contract of sale, partial payment contract, installment sales contract, or leased. Such policies shall cover in transit but shall not extend beyond the termination of the seller's or lessor's interest and shall not include leased property not mobile in character although title remains in lessor.

27. Personal property of customers of bailees under bailee's customers policies. Such policies shall cover in transit and during process at e.g., laundrymen's, dyers' and cleaners' premises, provided, however, that such policies shall not cover bailee's property at his premises.

28. Furriers' and/or fur storers' risks covering garments of customers.

29. Silverware.

30. Personal property under personal property floater sometimes referred to as the householders' comprehensive policy.

31. Commodities, such as cotton, in-

sured under marine policy by long established custom.

32. Valuable papers.

33. Accounts receivable.

34. Food products in individual cold storage lockers—i.e., products such as meats, poultry, game, vegetables and products of a similar nature which are now by custom stored individually in private or personal lockers and which belong to the one storing and which are accepted for such storage; but not including coverage of property in cold storage warehouses generally or that coverage which is generally known as cold storage warehouse coverage.

35. Liability for property if and while eligible to be written as marine.

#### CASUALTY CLASSIFICATION

The following kinds of insurance:

1. Accident and health.
2. Burglary and theft.
3. Valuable papers, money, bullion and securities against loss or damage from any cause except while in possession of carrier for hire or mail.
4. Accounts receivable.
5. Glass and its appurtenances (against loss or damage from any cause except fire).
6. Boiler and machinery.
7. Elevator ex fire.
8. Animals (against loss or damage from any cause).
9. Personal injury liability.
10. Property damage liability.
11. Professional liability.
12. Workmen's compensation and employer's liability.
13. Credit.
14. Water damage meaning sprinkler leakage, casual water, seepage.
15. Collision—except vessels, craft, piers or other instrumentalities of ocean or inland navigation.
16. Fidelity.
17. Surety.
18. Forgery.
19. Blanket bonds.

#### Changes Made in Eastern Setup

(CONTINUED FROM PAGE 3)

York City. Throughout the course of her entire business career, Mrs. Paul has made a remarkable sales record. Having reached the retirement age, she decided to set aside the responsibilities of an active business life. She and her daughter, Dorothy, will spend the winter at Fort Lauderdale and next spring decide upon a permanent place of residence.

Mr. Richman has been a member of THE NATIONAL UNDERWRITER organization since 1916. His father was Charles J. Richman, for 30 years Indiana state agent of American of Newark. Ralph Richman, a member of Phi Beta Kappa, graduated from Indiana University in 1913, immediately after which he became a deputy fire marshal of Indiana.

He joined THE NATIONAL UNDERWRITER at Cincinnati. He started and edited the Accident & Health Bulletins in 1924. He did the preliminary planning and the early business development on the Fire, Casualty & Surety Bulletins, selecting the first editor of that publication, C. R. Hebble, in 1929. He served as manager of the Cincinnati office of THE NATIONAL UNDERWRITER from 1919 to 1933, in the period when it was expanding from six to seventy-five employees.

In 1933 Mr. Richman went to Hartford to develop the business of THE NATIONAL UNDERWRITER in New England. Five years later he transferred his headquarters to Boston. In 1943 he produced the first Boston Insurance Telephone Directory. While traveling in the northeastern states and part of Canada, Mr. Richman reported many insurance conventions and meetings, being equally at home in the editorial and business departments. Since 1943 Mr. Richman has been editor of the "Casualty Insurer," and for three years prior to that served as associate editor. At New York he will continue as editor and manager of the "Casualty Insurer."

Mr. Richman goes to the New York office of THE NATIONAL UNDERWRITER with a wide and rich experience in every phase of insurance publishing. He is a student of the business and has spoken frequently at insurance gatherings. He has a wide acquaintance among insurance men country-wide.

Mr. Scanlon, who now assumes charge at Boston, began insurance work in the western department of Germania, now National Liberty. Later he was attached to the

western departments of Niagara and Royal, serving in the underwriting departments of all three companies. He started with THE NATIONAL UNDERWRITER in 1915, and has represented it in every part of the United States. He was responsible for a considerable development of its business in both the southeast and southwest. In recent years his traveling has been confined to Indiana, Illinois, Tennessee, Missouri and Kansas. He has been a familiar figure at insurance meetings in these states for the past 20 years. He has reported insurance conventions in various parts of the country for THE NATIONAL UNDERWRITER. Mr. Scanlon's friendly, likable manner has endeared him to insurance men in all branches of the business. His knowledge, experience and record have equipped him for the larger responsibilities that he is to assume in the supervising of THE NATIONAL UNDERWRITER's affairs in the New England states.

Mr. Force, who is transferring his editorial headquarters from Chicago to New York, attended Kansas University, after which he went to Kansas City, where for 11 years he acted as editorial representative for a number of business and indus-

trial papers, including THE NATIONAL UNDERWRITER. For the past five years he has been associate editor of THE NATIONAL UNDERWRITER at Chicago. He launched the series of articles now running in the "Casualty Insurer" in which the insurance problems and all of the insurance needs of a single business or industry are presented specifically for one type of assured. He has assisted in the editing of the "Insurance Exchange Magazine" and has contributed to the "Accident & Health Review" and the Fire, Casualty & Surety Bulletins.

Mr. Force is a thoroughly experienced newspaper man, he has made a special study of insurance, and he has an editorial ability and capacity that qualifies abundantly for the work he is assuming at New York.

#### Fire Ass'n Joins USAIG

Fire Association is becoming a member of United States Aircraft Insurance Group Jan. 1 and the affiliated Lumbermen's, Reliance and Philadelphia National will become associate companies of U.S.A.I.G. at that time.

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## Take Action on Rate Legislation

(CONTINUED FROM PAGE 1)

latures meeting early in 1946 that will not reconvene until 1948 the committee said it felt it necessary "to furnish drafts which could be used as a guide in those legislatures at this time."

Most of the legislatures will not meet until 1947. The committee stated it intends to continue its research and will consider any ideas or material developed by the industry or the public. "The committee makes no claim that the proposed bills represent the ultimate or last word in rating bills. It is recognized that the science of rate regulation is a progressive one and that changes in thinking will occur as our experience and stock of knowledge increase."

### Prior Approval Issue

In the fore part of its report the committee has something to say on prior approval. The committee disagreed with the conclusions of the memorandum submitted by the National Association of Independent Insurers holding that a number of federal acts embody the principle of filing subject to subsequent disapproval, including the civil aeronautics act of 1938 and shipping act of 1916.

The thing that the committee deems significant is the District of Columbia fire insurance rating law enacted by Congress in 1944, specifically providing

that no fire insurance rate will become effective or be charged until it shall have been first filed and approved by the superintendent.

"This is a direct Congressional precedent squarely in point," the committee stated.

### Battle Royal in Prospect

So far as legislation is concerned in the few states whose legislatures convene in 1946, the prospects are for a battle royal in each state with each segment of the industry lobbying for the things it holds dear and against what it has labeled as evil. On the question of prior approval or filing subject to subsequent disapproval, the position of the individual insurance commissioner will be important, perhaps all important and there will be a tug of war between the two camps to capture the head of the insurance department in each state.

At Grand Rapids nothing was said about federal trade commission, Robinson-Patman or Clayton acts, despite the fact that the all-industry committee had been giving a lot of attention to these matters and had even gotten up some proposed model legislation for the individual states. As if by common agreement these things were put off to some rainy afternoon in the distant future

after the big and all absorbing rate legislation battle has been decided. Except for the life companies, no one professes to be much concerned about the federal trade commission act and the Robinson-Patman and Clayton acts are really not scaring even the most nervous Nellies.

## N.A.I.C. Not Circumventing Industry Group, Hogg Says

Robert L. Hogg, manager and general counsel of American Life Convention, in addressing the annual meeting of the Association of Life Insurance Counsel at Atlantic City, declared that the insurance commissioners in bringing out their own rating bills at Grand Rapids did not do so with intent to circumvent the all-industry committee. It was just a case, he said, of having something for the legislatures of those states which meet in 1946 and which will not meet again in regular session until 1948 when the moratorium provisions of public law 15 will expire.

The assumption is, Mr. Hogg said, that the current recommendations of the commissioners are not to be treated as their final position on rating and that the all-industry committee will be expected to continue its studies and develop a program upon which there may be complete harmony within the business.

### Hinges on Rating Solution

In any event, according to Mr. Hogg, the consensus seems to be that the entire program of state legislation to implement public law 15 depends upon the solution of the rating problem and if that problem is not solved it would be a waste of time to seek solutions as to the problems of the federal trade commission act, Robinson-Patman and Clayton act, since the problems which they present are of minor importance so far as implementing public law 15 is concerned.

If the rating situation is taken care of, all the other questions will be easy to handle and there should emerge a composite industry program of state legislation. The situation, he asserted, is far from hopeless. In the casualty field a bill has been prepared leaving only the question of prior approval or subsequent disapproval as an issue within the business. In the fire field no rating bills have been agreed upon largely due to the issues over prior approval vs. subsequent disapproval but progress is being made and the situation is far from hopeless.

The commissioners, in bringing out their own recommended legislation last week, created a new situation. In a number of states there are committees studying questions arising from the S.E.U.A. decision and public law 15. Informally the N.A.I.C. seems to have discouraged any affirmative action by those committees and indicated to several of them that N.A.I.C. itself would have a definite program for the consideration of all states.

In taking such a position the commissioners assumed that sometime in October of this year they would have the benefit of an all-industry program. Since the all-industry committee has not developed such a program the commissioners have proceeded to prepare their own rating bills.

Until the time of the meeting of the all-industry committee in Chicago Nov. 26-27 the method of approach was enactment of state laws covering the various federal acts from which exemption was sought. This would include fire and casualty rating legislation, separate legislation to solve problems under the

Clayton act, under Robinson-Patman act and FTC.

However, at the last meeting of the all-industry committee this method was materially altered. A resolution was adopted definitely making state rating legislation the first order of business and postponing all other state legislation. No further affirmative action will be taken by the all-industry committee unless and until there has been a solution to the rating problem.

This, Mr. Hogg declared, is a sound course because the problems arising under all of these four acts are so closely related to rating. For example the Robinson-Patman act deals with discrimination and rebating and discrimination and rebating also comprise unfair trade practices under the federal trade commission act and discrimination and rebating are an integral part of rating. Obviously discrimination and rebating should not be handled in three different acts. The place to handle these subjects is primarily in the rating laws.

It is now felt that the proper solution of the rating problems would go so far as to solve all other problems with the exception of possibly the Clayton act. After this is done the business will have ample time to handle the loose ends which after all are not the things which have disturbed either Congress or the business.

## Col. Hill, Frustrated in Germany, Returns to U. S.

WASHINGTON—Col. Reese Hill, chief American insurance officer attached to the allied control commission for Germany, has returned to Washington and expected discharge from the army, after more than five years service, this week-end. He is entitled to four months terminal leave. Col. Hill has no other plans. He was formerly with Fidelity & Casualty at Washington.

Lt. Col. Al. Thomas, who was also assigned to Germany for insurance duty, has likewise returned and is reported out of the army.

Both officers leave Germany and the army on a purely voluntary basis, it is understood. Col. Hill did not feel that anything could be accomplished in regulating the German insurance business for a year or more. There was no controversy over the subject within American military ranks in Germany, it is stated. After studying problems involved and trying in vain to obtain solution of them, Col. Hill is understood to have reported on the situation to American headquarters at Frankfurt, and asked for his release, which was granted.

Organization, regulation, supervision of the German insurance industry on a proper basis was not possible, in Col. Hill's opinion, under the present setup with Germany divided into four allied occupied zones, each with its different form of government, Berlin an "island" in the Russian zone, lack of coordination between the zones of transportation, communication, etc., no settlement of such problems as the German national debts, reparations, currency stabilization, the rate of exchange, etc.

Col. Hill was a member of an insurance committee set up by the four allied powers, on which each had one representative. Meeting in Berlin, the chairmanship of this committee rotated monthly. They discussed many matters. Committee decisions are supposed to become allied policy for all Germany.

When the Russian authorities proposed that the military government take over and operate the insurance business in Berlin, close up the private companies and not permit them to do business, Col. Hill is credited with having talked them out of this plan. He pointed out that what Germany needs is independent groups which could oppose a possible future Hitler, rather than have a centralized governmental set-up of industry ready for such a dictator to take over.

So far as known here appointment of another insurance officer to the commission is not planned.

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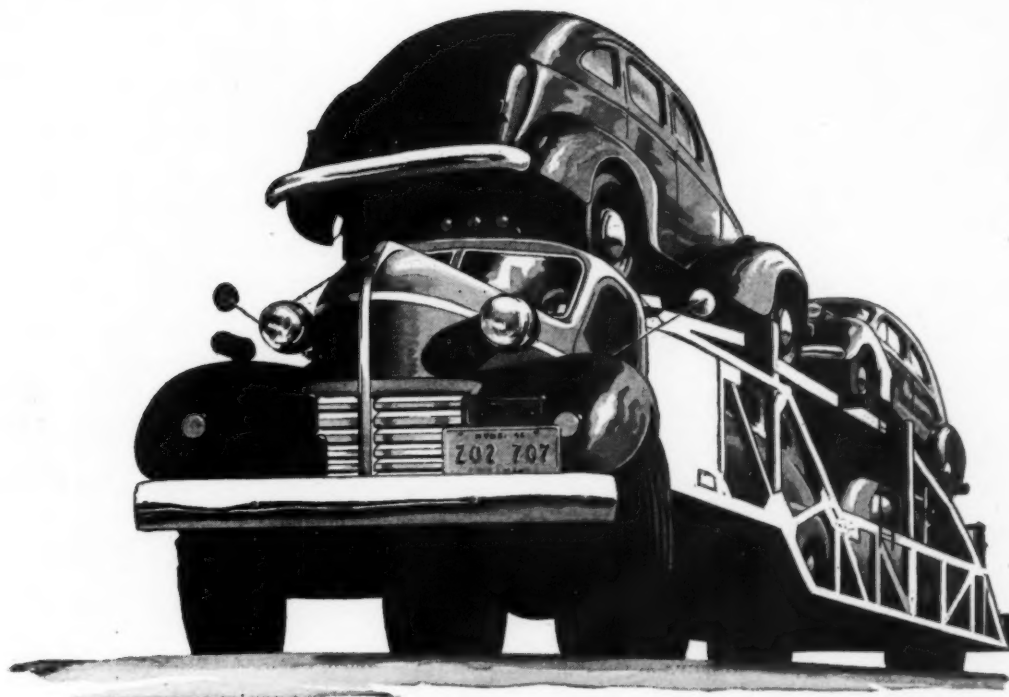
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2. See your local banks and point out the advantages of banker-agent teamwork in financing new cars. Bank cooperation assures you of *all* of the automobile-owner's

insurance instead of just part of it.

3. Ask each person you meet whether he expects to get a new car. If his answer is "yes," point out the advantages of financing, at low interest rates, through his local bank. And sell him *now* on the necessity of full insurance protection!
4. Remind all clients who carry automotive policies that 30-day Automatic Coverage enables them to buy new cars without shifting their insurance elsewhere.

The harvest you reap tomorrow will be determined by the energy you exert today.

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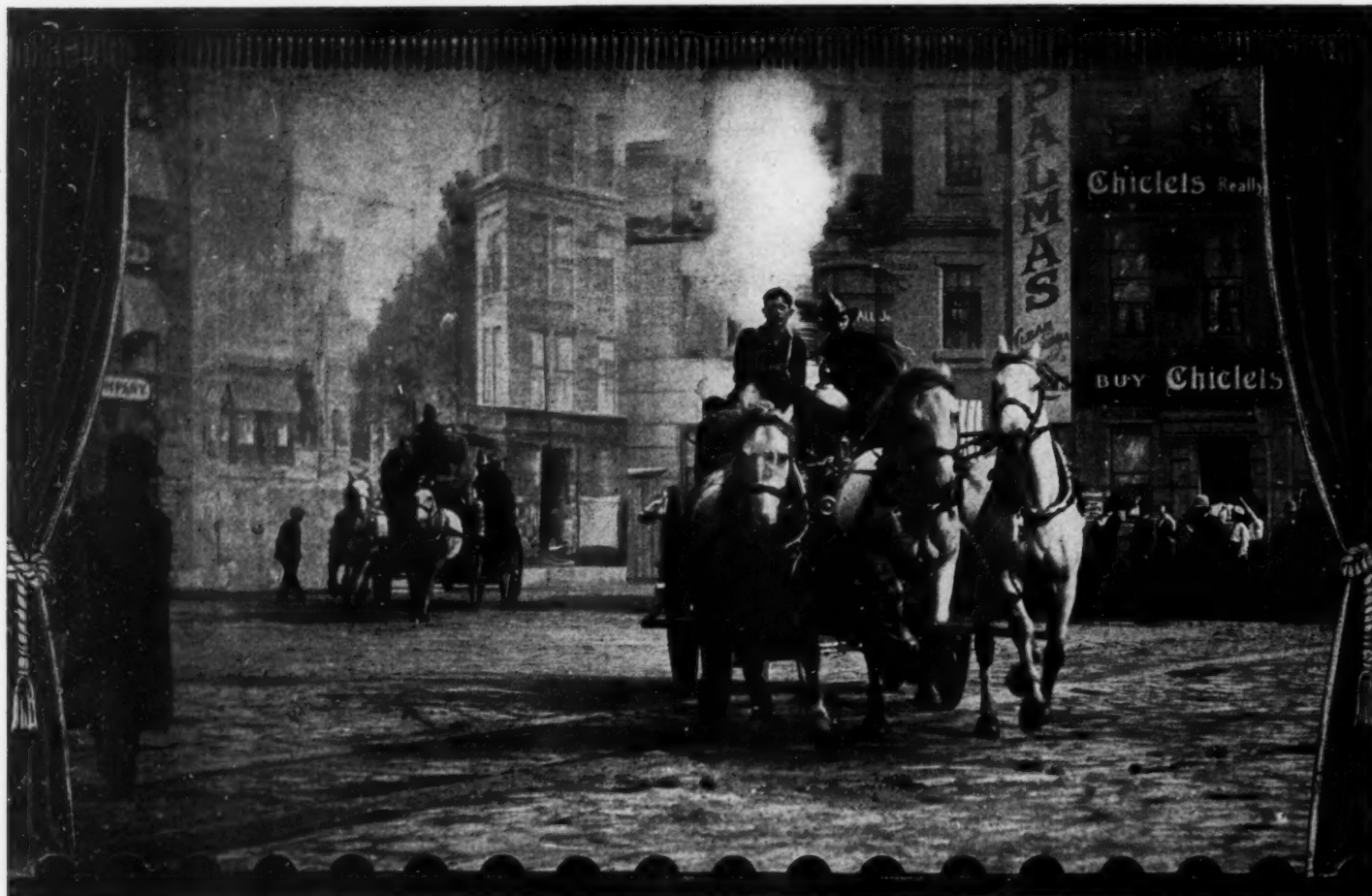
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FIDELITY & GUARANTY FIRE CORPORATION  
HOME OFFICES: BALTIMORE 3, MD.

Consult your insurance agent or broker  as you would your doctor or lawyer

REPRODUCED BELOW IS A SCENE FROM THE SPECTACLE, "FIGHTING THE FLAMES", PRODUCED ABOUT 1900 AT DREAMLAND, CONEY ISLAND.



# "Fighting the Flames"

*An American Tragedy*  *In One Careless Act*

## CAST OF CHARACTERS:

**FIRE CHIEF**

**COMMENTATOR**

**CARELESSNESS**

**FIRE CHIEF:** We are losing ground—fire is gaining! Every year, it seems, there are more fires and worse fires—more lives lost and greater property damage. Something has to be done!

**COMMENTATOR:** You're right—fire is gaining. In the year ending June 30, 1945, \$442,877,000 fire damage was reported. That's 10% over the preceding year and 33% increase over the losses two years ago.

**FIRE CHIEF:** Carelessness is at the root of this—that's the menace we must face.

**CARELESSNESS:** Yes, and *what* a menace! The flick of a lighted cigarette, a pile of oily waste—and there I am starting another fire. I'm everywhere and wherever I am, I work. That's why I, Carelessness, am the chief cause of fires!

**COMMENTATOR:** True, true — Carelessness is far and away the biggest known cause of fires. Figures show that this menace alone accounts for almost all serious fires.

**FIRE CHIEF:** But Carelessness can be fought and licked!

**COMMENTATOR:** Yes, but only through constant effort. For when people are reminded to be careful, fires fall off. That's our job!

(Curtain)

*Epilogue:*

**THE HOME INSURANCE COMPANY:**

The best time to fight a fire is before it starts — join the campaign against Carelessness!

(Asbestos)



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